

MISSISSIPPI



Fiscal Year Ended June 30, 2001

Department of Finance and Administration

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Gary Anderson
Executive Director



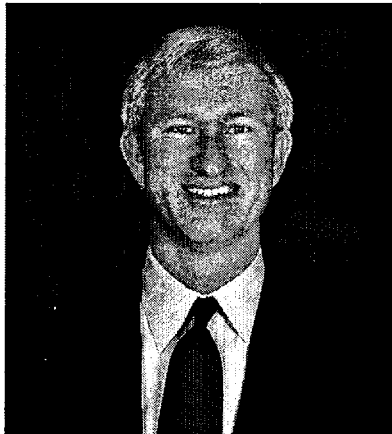
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STATE OF MISSISSIPPI

OFFICE OF THE GOVERNOR

RONNIE MUSGROVE
GOVERNOR



December 21, 2001

To the Members of the Legislature and the Citizens of Mississippi:

It is our pleasure to submit to you Mississippi's Comprehensive Annual Financial Report for the year ended June 30, 2001. This detailed overview of the state's work for the past fiscal year offers insight into the workings of your government.

Our state and our nation have been faced with many challenges over the past year, with the greatest being the attacks on September 11. Like we have done with such challenges before, we will focus our efforts and overcome them.

The foundation of everything we do is the education of our people. We are committed to strengthening this foundation in every way possible. Teachers are going to be paid as the professionals they are. Students in every public school classroom in the state will have access to the internet. Worker training and retraining is a focal point in our economic development.

The health of our people is equally important. Healthy children go to school ready to learn, and healthy adults are ready to work. I have unveiled a proposal to address the urgent health care needs facing us statewide and look forward to putting this proposal to work.

Our economic development efforts continue to garner attention around the world. Mississippi is now looked to as a leader in this area, due to our aggressive efforts to recruit and retain businesses. The Advantage Mississippi initiative is still seen as a model for other states.

Mississippi is also a safer place to live. Efforts by the Department of Public Safety have dramatically lowered the number of fatalities on our roads, and more people are wearing seatbelts as a result of safety campaigns to raise awareness.

The 21st century offers such promise for our great state. We will be working hard to ensure that promise becomes reality for every Mississippian.

Very truly yours,

A large, stylized handwritten signature of Ronnie Musgrove in black ink. The signature is written over the words "RONNIE MUSGROVE" which are printed in a smaller, sans-serif font below it.

RONNIE MUSGROVE



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**STATE OF MISSISSIPPI
DEPARTMENT OF FINANCE AND ADMINISTRATION**

**GARY ANDERSON
EXECUTIVE DIRECTOR**



December 20, 2001

To Governor Musgrove:

It is my pleasure to transmit to you the Comprehensive Annual Financial Report of the state of Mississippi for the year ended June 30, 2001 as provided in Section 27-104-4, Mississippi Code Annotated (1972). Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentations in the financial statements, including all disclosures, rests with the state. I believe the information as presented is accurate in all material aspects and is presented in a manner which sets forth the financial position and results of operations of the state of Mississippi in conformity with generally accepted accounting principles (GAAP). The financial presentations in this report are designed to show the financial activities of the fund types and account groups of the state. All disclosures necessary to enable a reader to gain maximum understanding of the state's financial activities have been included.

The 2001 Comprehensive Annual Financial Report is presented in three sections: the introductory section, which provides summary financial data and narrative commentary on matters of interest to the reader; the financial section, which includes the state auditor's report, audited general purpose financial statements and notes thereto, and underlying combining and individual fund financial statements and supporting schedules; and the statistical section, which sets forth selected unaudited economic, financial trend and demographic information for the state on a multi-year basis.

The state's General Purpose Financial Statements include all funds and account groups that comprise the state's legal entity or primary government. The state's reporting entity is also comprised of its discretely presented component units for which the elected officials of the state's primary government are financially accountable in accordance with criteria established by the Governmental Accounting Standards Board. The criteria used in defining the state's reporting entity are fully discussed in Note 1B to the financial statements. Note 1B more fully explains which financial activities are included in and which are excluded from the state's reporting entity.

Economic Conditions

Mississippi's economy will post a zero or negative growth rate in 2001, judging from trends in the state's economic indicators this year. Even before September 11, declining employment in the manufacturing and construction industries had taken a toll on the broader economy. Overall employment through September 2001 was 1 percent below the same period in 2000. Retail sales data, state revenue collections, and other economic indicators all have shown little increase over last year.

Consumer confidence and business confidence, which have been shaky throughout the year, both fell in the third quarter, reflecting the national mood. Tax Commission collections for the General Fund rose only 0.8 percent in the fiscal year which ended June 30, 2001, with revenues from gaming fees and taxes rising only a modest 2.1 percent. So far in fiscal year 2002, through October, overall revenues continue to remain flat. Retail sales are also slow. The value of building permits issued is down.

One number showing improvement in 2001 has been the unemployment rate, which year-to-date through September stood at 5.1 percent, compared to the 5.7 percent rate prevailing in 2000. However, this improvement was due solely to a drop in the size of the labor force, which exceeded the drop in employment.

Overall, residence-based employment was down 0.7 percent in the first three quarters of 2001 compared to the same period in 2000, and payroll employment was down 1.2 percent. Service sector payroll employment was flat, although employment in health services was up by 2.0 percent and in amusements/gaming by 2.5 percent. Communications employment rose 2.4 percent, and employment in retail trade, 1.0 percent. Strong increases in employment in public education boosted government employment by 3.2 percent, but budget pressures will prevent a similar increase next year. Manufacturing employment suffered a sharp drop, as national and international demand weakened.

Turning to construction, the boom that began in 1993 has come to a close. Employment in this sector, which grew 6.9 percent in 1998, rose only 2.0 percent in 1999 and fell 0.2 percent in 2000. The growth rate year-to-date continues to be negative. The value of building permits issued is down as well, portending slow growth at best in 2002.

In 2000, hotels and lodging employment increased 5.5 percent, while employment in the amusements industry (notably gaming) dropped slightly. In 2001, figures through September showed a modest increase of 2.5 percent in amusements employment, but this gain may be reduced if there is any further slowdown in tourism. The customer base of Mississippi's gaming industry, however, does not rely heavily on air transportation, and this has shielded the industry here from the dramatic drops suffered by casinos in other states.

The high energy prices in 2000 and the first part of 2001 contributed to a double-digit increase in employment in oil and gas extraction in the state in 2001. A drop in employment in this industry is expected in 2002, in line with the decline in energy prices.

Durable goods manufacturing has seen employment plunge in 2001, with a drop of 8.6 percent registered in the first three quarters. Furniture and fixtures, electronic equipment and wood and lumber each lost over 2,000 workers during the course of this period.

Employment in nondurables dropped 3.4 percent over the same period, with most of this decline due to the loss of 2,100 jobs in the apparel industry. Food and kindred products employment grew a modest 1.0 percent, and paper and allied products grew 1.2 percent. Printing and publishing enjoyed the most rapid growth, at 5.1 percent.

Employment in retail trade was up 1.0 percent year-to-date through September, but the trend since the summer has been down. Government employment grew 3.2 percent, led by growth in state education of 12 percent. Health services employment has been gradually trending upwards in 2001, with an overall increase of 2.0 percent.

The service sector continues to increase in importance in the state, and now provides 23 percent of total wage and salary employment. The average annual growth rate of employment in this sector over the 1995-2000 period was 3.2 percent. This growth rate is projected to drop to 2.1 percent over the 2001-2006 period. There are three other sectors employing 19 percent or more of workers: retail/wholesale trade, government, and manufacturing. Retail/wholesale trade employment increased at a 2.4 percent average annual rate between 1995 and 2000, and government sector employment rose 1.8 percent annually. Manufacturing employment fell at a rate of 1.8 percent.

Despite its declining share in total employment, manufacturing still provides work for 19 percent of all persons employed in Mississippi. By comparison, only 14 percent of total U.S. employment is in manufacturing. The composition of manufacturing in the state differs as well, with the percentage of employees in furniture and lumber and wood products being more than twice the corresponding percentages for the U.S. These industries, along with food products, account for over a third of manufacturing employment. Transportation equipment, electronic equipment, industrial machinery, and apparel account for another third. Mississippi's top manufacturing exports in 2000, accounting for over 40 percent of the total, were transportation equipment, chemicals and allied products, and paper and allied products.

Short-Term Outlook

Mississippi has experienced a slower growth of output and employment in 2001 than has the nation as a whole, but the state should enjoy a solid upswing once the recovery in the manufacturing sector begins. This recovery is expected nationally in mid-2002, somewhat in advance of other sectors. Gross state product (GSP) is forecast to rise 1.3 percent in 2002, following a drop of 0.1 percent in 2001. By 2003, the growth rate is expected to be 2.6 percent and rising. Wage and salary employment will dip about 0.9 percent in 2001, and remain stable in 2002 before returning to a positive growth rate of about 1.3 percent in 2003.

Personal income in Mississippi grew 4.3 percent in 2000, and in 2001 appears to be increasing at about a 3.4 percent rate. This slowdown follows a prolonged period of steady growth in wages and incomes. Between 1994 and 1999 the average wage in Mississippi rose about 1.3 percent in real terms annually or 3.9 percent in nominal terms, while personal income rose 5.9 percent or 3.1 percent in real terms. Nationally, the growth of personal income in 2001 is estimated at 5.1 percent, with the growth rate forecast to be 3.2 percent in 2002, before rising to 5.8 percent in 2003.

For the southeastern region as a whole, the outlook is for recession--in other words, a decline in output and employment--in the last quarter of 2001 and the first quarter of 2002, according to the Economic Forecasting Center of Georgia State University. Gross regional product (GRP) is expected to increase only about 1.0 percent in 2001 and 1.5 percent in 2002, mirroring trends in the rest of the country. Though the risk of future terrorist incidents increases the uncertainties associated with any forecast, the probability is high that both the region and the nation will again be enjoying real growth rates approaching 3 percent or more by 2003.

Major Initiatives

Mississippi is a state rich in history and culture. We are known around the world for the writings of Eudora Welty and Richard Wright, for the music of Elvis Presley and B.B. King. Now, we are earning a reputation for our work in areas such as education and economic development.

This past July, we sent a strong message to teachers and educators around the nation when we removed the five percent revenue growth contingency for the teacher pay plan passed in the 2000 session of the Legislature. With the removal of that condition, we set in stone our commitment to those who help shape the course of our children's learning.

The "Computers in the Classroom" project, overseen by the Task Force on Classroom Technology, is moving forward. With strong support from the private sector and its unique partnership with state government, we are giving our students the tools to learn and eventually compete in an economy that is global, borderless and wireless.

We captured the attention of the nation and the world by landing one of the top economic development projects in the world last year with the Nissan plant. In addition to the \$930 million investment by Nissan and 4,000 new jobs, suppliers are now coming to Mississippi in support of the plant. Investments from the Tier One suppliers locating in the state currently stand at more than \$250 million, along with 2,000 new jobs.

Our efforts with this project have led to Mississippi's being highlighted in the automotive industry and considered as one of the major players in the recruitment of new facilities. This is good news for our workforce and our economy.

In addition to the Nissan project, we cannot overlook what has been accomplished in other areas of economic development. Beyond the investment by Nissan, nearly 200 new facilities were announced in fiscal year 2001, bringing an investment of more than \$2.5 billion and almost 12,000 jobs.

The health care needs of the people of Mississippi are another area that demands our immediate attention. The Governor has proposed a measure by which we can address those needs, those "worst firsts" where we lead the nation in diabetes, heart disease and cancer. By acting aggressively and creatively, we can make a difference in so many lives.

The State of Mississippi is part of the historic settlement against the tobacco industry, a settlement designed to recoup monies for health care needs. It's time to put that money to use. By diverting a portion of the annual payment and placing the rest in the Health Care Trust Fund, it is possible to improve health care for all Mississippians while growing the Health Care Trust Fund for future earnings.

We all know of and share in the promise of Mississippi. Fulfilling that promise will require cooperation, communication and dedication to every man, woman and child in our state. They deserve our best efforts, and they will get them.

Financial Information

State managers are responsible for establishing and maintaining internal control to ensure that government assets are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow preparation of financial statements in conformity with GAAP. Internal control has been implemented to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within this framework. I believe that the state's internal control adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

The state also maintains budgetary controls. The objective is to ensure compliance with legal provisions embodied in the annual budget approved by the legislature. The state's budget is prepared on a modified cash basis utilizing encumbrance accounting. Budgetary control is maintained by a formal appropriation and allotment system. The six-month allotment control process is designed and used as a management tool to enable agencies to operate on a continuing basis.

Unexpended appropriations at June 30 are available for subsequent expenditure only to the extent that encumbrances represented by executed but unperformed purchase orders have been established and are presented for payment during the succeeding 60-day lapse period. Encumbrances are reported in the financial statements as expenditures for budgetary purposes and as a reservation of fund balance for GAAP purposes.

As described in Note 2 to the General Purpose Financial Statements, the state has two statutes that address the reduction of agency appropriations by the state Fiscal Officer should it be found that funds will not be available within the period for which the budget is drawn. Such reductions up to 5 percent of appropriations are allowed on a selective basis, but before any appropriation is reduced by more than 5 percent, all appropriations (except those exempted by statute) must first be reduced by 5 percent. Because of shortfalls in fiscal year 2001 General Fund revenues, budget reductions totaling \$106,868,000 for General Fund appropriations and \$12,295,000 for special funds were made. In addition, during fiscal year 2001, \$50,000,000 was transferred from the Working Cash-Stabilization Reserve Account to the General Fund as authorized by the Governor to cover deficits in fiscal year 2001. Also, during the 2001 session, the Legislature authorized an additional transfer of \$35,000,000 from the Working Cash-Stabilization Reserve Account to cover 2001 expenditures.

General Fund revenue collections through October of fiscal year 2002 have fallen short of the required 98 percent of estimated revenues. Therefore, several general fund appropriations have been reduced by 3.35 percent for fiscal year 2002. In establishing the fiscal year 2002 agency allotments, the Department of Finance and Administration asked agencies to only budget 45 percent of the appropriations in the first six month allotment period and 55 percent in the second allotment period as a precautionary measure in the event budget reductions became inevitable. Mississippi remains pro-active in structuring its budget for maximum flexibility during changing economic conditions.

General Government Functions

Most state functions are financed through the governmental fund types, which include the general, special revenue, capital projects and debt service funds. Revenues from governmental fund type sources for fiscal years 2001 and 2000 are compared in the following table (amounts expressed in thousands):

Revenues by Source	FY 2001			FY 2000			Increase (Decrease) From FY 2000		Percent of Increase (Decrease)
	Amount	Percent of Total		Amount	Percent of Total				
State Taxes	\$ 4,453,359	48.1 %	\$	4,431,550	50.4 %	\$	21,809	0.5 %	
Licenses, fees and permits	390,216	4.2		370,980	4.2		19,236	5.2	
Federal government	3,538,494	38.2		3,098,013	35.3		440,481	14.2	
Interest on investments	115,055	1.3		175,799	2.0		(60,744)	(34.6)	
Departmental services	259,090	2.8		256,976	2.9		2,114	0.8	
Other	503,129	5.4		454,109	5.2		49,020	10.8	
	<u>\$ 9,259,343</u>	<u>100.0 %</u>	<u>\$</u>	<u>8,787,427</u>	<u>100.0 %</u>	<u>\$</u>	<u>471,916</u>	<u>5.4 %</u>	

Revenues for the state increased \$471,916,000 for the year. Federal government accounted for the largest dollar amount of the increase followed by other revenues. Federal government and other revenues also had significant percentage increases. Interest on investments had a significant decrease.

Total state taxes increased \$21,809,000. Sales and use taxes increased \$27,323,000 and severance taxes increased \$21,799,000. In addition, individual income taxes increased \$13,797,000 while privilege and corporate income taxes decreased \$18,405,000 and \$17,395,000, respectively.

Licenses, fees and permits increased \$19,236,000 or 5.2 percent. Gaming fees of \$217,081,000 resulted in an increase of \$4,357,000 from the previous year. Other fees increased by \$12,031,000, of which \$8,094,000 was derived from truck and bus permit fees.

Federal government revenues increased 14.2 percent or \$440,481,000. The majority of this increase was in the Division of Medicaid's federal revenue, which increased \$271,858,000. The Department of Human Service's federal revenue increased \$132,975,000. Education grants increased \$25,250,000 while Department of Health grants increased \$14,273,000.

Interest on investments decreased 34.6 percent from the previous year. This resulted primarily from a decrease in the investment balance of \$62,425,000.

Other sources of revenue increased by \$49,020,000 or 10.8 percent. The Department of Finance and Administration and the State Tax Commission received \$25,000,000 and \$7,500,000, respectively, from a litigation settlement. The revenue received from the tobacco litigation settlement increased \$11,643,000 from fiscal year 2000 to fiscal year 2001. Employment Security Commission revenue from counties increased \$6,685,000 during the same period.

Expenditures from governmental fund type sources for fiscal years 2001 and 2000 are summarized in the following table (amounts expressed in thousands):

Expenditures by Function	FY 2001		FY 2000		Increase (Decrease) From FY 2000	Percent of Increase (Decrease)
	Amount	Percent of Total	Amount	Percent of Total		
General government	\$ 1,046,103	11.7 %	\$ 1,034,840	12.2 %	\$ 11,263	1.1 %
Education	2,265,034	25.2	2,224,058	26.2	40,976	1.8
Health and social services	3,587,400	40.0	3,138,724	37.0	448,676	14.3
Law, justice, and public safety	528,874	5.9	471,444	5.6	57,430	12.2
Recreation and resources development	389,912	4.4	334,666	3.9	55,246	16.5
Regulation of business and professions	28,815	0.3	27,864	0.3	951	3.4
Transportation	756,564	8.4	881,051	10.4	(124,487)	(14.1)
Debt service	289,843	3.2	264,282	3.1	25,561	9.7
Capital outlay	80,921	0.9	110,072	1.3	(29,151)	(26.5)
	<u>\$ 8,973,466</u>	<u>100.0 %</u>	<u>\$ 8,487,001</u>	<u>100.0 %</u>	<u>\$ 486,465</u>	<u>5.7 %</u>

Overall expenditures increased \$486,465,000. Recreation and resources development, health and social services, and law, justice and public safety show the largest percentage increases. Health and social services has the largest dollar amount increase, and transportation shows the largest dollar amount decrease.

Health and social services expenditures increased \$448,676,000 or 14.3 percent. Of that amount, the Division of Medicaid's expenditures increased \$267,693,000 due to increases in both services and utilization. The Department of Mental Health and related institutions' expenditures increased approximately \$12,991,000 based on an increase in Medicaid reimbursements and expansion of services, including full operation of a new facility. Expenditures for the Department of Human Services increased \$115,633,000 related to the increase in federal grants. Health care expenditures funded by the tobacco litigation settlement in the amount of \$38,221,000 were also part of this increase.

Law, justice and public safety expenditures increased 12.2 percent or \$57,430,000. The majority of this amount is a capital lease entered into by the Department of Corrections for \$37,541,000. The Department of Corrections also had an increase in the cost of private and regional prison support of approximately \$12,200,000.

Recreation and resources development increased 16.5 percent or \$55,246,000. Mississippi Development Authority's expenditures increased \$42,061,000. This included an increase in capital outlay expenditures related to the Nissan plant of approximately \$76,082,000, while overall grant expenditures decreased approximately \$34,395,000 during the year. The Department of Environmental Quality's expenditures increased \$10,171,000, due primarily to increases in revolving loans and reimbursements.

Transportation expenditures decreased \$124,487,000 or 14.1 percent. This decrease is due to a decline in bond proceeds available for the Department of Transportation spending.

Debt service expenditures increased 9.7 percent or \$25,561,000. Principal and interest payments increased by \$16,696,000 and \$5,677,000, respectively. The total in the general long-term obligations account group has increased \$399,686,000 over the last two years.

Capital outlay decreased 26.5 percent or \$29,151,000. This is due primarily to a decrease in construction projects during fiscal year 2001.

Working Cash - Stabilization Reserve Account

The Working Cash-Stabilization Reserve Account is a part of the GAAP General Fund. This account, created by state law, may be used to pay state obligations when there is insufficient cash from other General Fund sources to pay obligations as they become due. It may also be used to cover any projected deficits that may occur in the General Fund as a result of revenue shortfalls. It is funded through transfers from the General Fund.

The balance in the account at the end of each fiscal year should equal 7.5 percent of the next year's General Fund appropriations. If the balance does not equal the 7.5 percent, 50 percent of the excess of the unencumbered cash balance of the General Fund at the close of the year is transferred to this account until the 7.5 percent is reached. In fiscal year 2002, for fiscal year 2001, the entire 50 percent of the excess, \$5,397,000 was transferred to the Working Cash-Stabilization Reserve Account.

Enterprise Operations

The state's enterprise operations include the Veterans' Home Purchase Board. This agency provides home mortgage loans to qualified Mississippi veterans. During the year, \$14,922,000 of new mortgage loans were issued. Total loans generated \$7,116,000 of interest revenue in fiscal year 2001 that will in turn be used to further expand the program. The enterprise operations generated net income of \$5,803,000 during fiscal year 2001.

Pension Trust Fund Operations

The Public Employees' Retirement System of Mississippi (System) administers four defined benefit pension trust funds. The Public Employees' Retirement System (PERS) covers substantially all employees of the state and its political subdivisions. Uniformed officers of the Department of Public Safety participate in the Mississippi Highway Safety Patrol Retirement System (MHSPRS). Elected members of the state legislature and the president of the senate participate in the Supplemental Legislative Retirement Plan (SLRP) in addition to participating in PERS. Separate municipal retirement and fire and police disability and relief systems participate in the Municipal Retirement Systems (MRS). Further information on the state's participation in the retirement systems can be found in Note 17 to the financial statements.

Debt Administration

The State Bond Commission, composed of the governor, state attorney general and state treasurer, approves and authorizes the sale and issuance of state bonds in accordance with authorizing legislation and within the defined constitutional debt limit. The total outstanding general obligation bonded indebtedness of governmental fund types for the state as of June 30, 2001 was \$2,174,822,000. Mississippi has a rating of "AA" from both Standard & Poor's Rating Group, a division of the The McGraw Hill Companies, and Fitch Investors Service, L. P., and a rating of "Aa3" from Moody's Investors Service.

During the fiscal year ended June 30, 2001, the State Bond Commission issued \$615,580,000 in general obligation bonds. These bond issues include \$21,700,000 under Stennis Space Center, \$20,000,000 under the Economic Development Highway Act, \$14,695,000 under the Mississippi Small Enterprise Development Finance Act, \$320,115,000 in general obligation refunding bonds, \$2,000,000 under the Mississippi Farm Reform Act, \$5,000,000 under Local Government Water System Improvement Revolving Loans, \$21,820,000 under the Mississippi Business Investment Act, \$3,000,000 under Small Business Assistance, \$202,300,000 of Capital Improvement Bonds and \$4,950,000 under the Spillway Road Act. Subsequent to June 30, 2001, the state issued \$513,235,000 of general obligation bonds and notes.

At June 30, 2001, 28 percent of the \$7,994,129,000 bonded indebtedness ceiling established by the state constitution was outstanding. Current practice restricts revenues included in the foregoing debt limitation computation to the following governmental fund revenues: taxes, licenses, fees and permits, investment income, rental income, service charges including net income from the Alcoholic Beverage Control Division, and fines, forfeitures and penalties. The state's net general obligation debt per capita is \$774.

Cash Management

It is the duty of the state treasurer and the executive director of the Department of Finance and Administration to analyze for cash flow needs and investment purposes the amount of cash in the state General Fund and in the special funds credited to any special purpose designated by the Legislature. The state treasurer deposits available funds with official depositories of the state. In addition, the Public Employees' Retirement System and a small number of other state agencies carry out investment activities separate from the state treasurer. Of \$20,508,415,000 in investments at June 30, 2001, \$18,167,625,000 are classified into categories of credit risk. Of the \$18,167,625,000, \$15,788,801,000 were held by the state's agent in the state's name.

By statute, the State may borrow funds to offset any temporary cash flow deficiencies from the Working Cash-Stabilization Reserve Account. As described in Note 22 to the General Purpose Financial Statements, at December 7, 2001, the General Fund had borrowings outstanding of \$179,420,000. In order to comply with state law, all borrowings will be repaid by June 30, 2002.

The state's available resources invested in Mississippi bank certificates of deposits and repurchase agreements earn interest at rates that approximate the U.S. Treasury Bill discount rate for those with comparable maturities. During fiscal year 2001, the average rate on the three month U.S. Treasury Bill was 5.13 percent, with a twelve month high of 6.17 percent and a twelve month low of 3.49 percent. The pension trust fund's total portfolio of stocks and bonds had a 7.1 percent total rate of return for fiscal year 2001. The median rate of return for state retirement plans according to Callan Associates Plan Sponsor – Large Funds for the twelve months ended June 30, 2001 was 5.9 percent. The primary government earned interest and dividend income of \$707,341,000 on all investments for the year ended June 30, 2001.

Risk Management

The state has elected to finance most exposures to risk through the retention of risk. The exposures to risk retained by the state are health and life benefits, tort liability, unemployment benefits and workers' compensation benefits.

To assure that health and life benefits are distributed to the participants in an efficient and responsible manner, the state incorporates various methods of loss control such as code review, certification of medical necessity, case management and audits of claims administrators to assure claims are adjudicated in accordance with the outlined benefits.

The state has elected to manage tort claims through the retention of all liability exposure. The statutory approach provides some protection, as well as a limitation of liability. The Tort Claims Act sets limits of liability per occurrence at \$250,000 from July 1, 1997 to July 1, 2001 and at \$500,000 on or after July 1, 2001. An effective loss control program is being implemented in most state agencies to reduce the number and severity of tort claims made against the state.

To aid in the management of risk for workers' compensation benefits, the state, through the Mississippi State Agencies Self-Insured Workers' Compensation Trust (Trust), has established an effective loss control program to reduce the number and severity of job related injuries. Through the use of contractually established performance criteria for the claims administrator and by converting to agency rates/premiums based on the agency's ultimate loss, the Trust has encouraged better risk management at both the claims administrator and the agency level.

Further information about risk management can be found in Note 19 to the financial statements.

Other Information

Pursuant to Section 7-7-211(d), Mississippi Code Annotated (1972), the state auditor has performed an examination, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, of the state's general purpose financial statements. His unqualified opinion is presented as the first page of the financial section of this report. Also, as required by federal law, the state auditor has undertaken a single audit of the state as a whole, which will include a report on compliance and internal control over compliance on all federal funds expended by state government. This report, along with the report on compliance and internal control over financial reporting, will be published separately.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Mississippi for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2000. This was the fourteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this report was made possible by the dedicated services of the staff of the Department of Finance and Administration with the cooperation and support of the Office of the State Auditor and the various agency heads and employees who assisted and contributed to its preparation.

Respectfully yours,

A handwritten signature in black ink, appearing to read "Gary Anderson". The signature is fluid and cursive, with the first name "Gary" and last name "Anderson" clearly distinguishable.

Gary Anderson

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Officials of State Government

Executive Branch

Governor
Ronnie Musgrove

Lieutenant Governor
Amy Tuck

Secretary of State
Eric Clark

State Auditor
Phil Bryant

State Treasurer
Marshall Bennett

Attorney General
Mike Moore

Commissioner of Agriculture and Commerce
Lester Spell

Commissioner of Insurance
George Dale

Transportation Commissioners
Richard (Dick) Hall
Wayne Brown
Zack Stewart

Public Service Commissioners
Nielsen Cochran
Dorlos (Bo) Robinson
Michael Callahan

State Fiscal Officer
Gary Anderson

Legislative Branch

Speaker of the House of Representatives
Tim Ford

Speaker Pro Tempore
of the House of Representatives
Robert Clark

President Pro Tempore of the Senate
Travis L. Little

Secretary of Senate
John Gilbert

Clerk of the House of Representatives
Felix Edwin (Ed) Perry

Legislative Budget Office
Lee Lindell, Director

Joint Legislative Committee on
Performance Evaluation and
Expenditure Review
Max Arinder, Director

Judicial Branch

Supreme Court of Mississippi

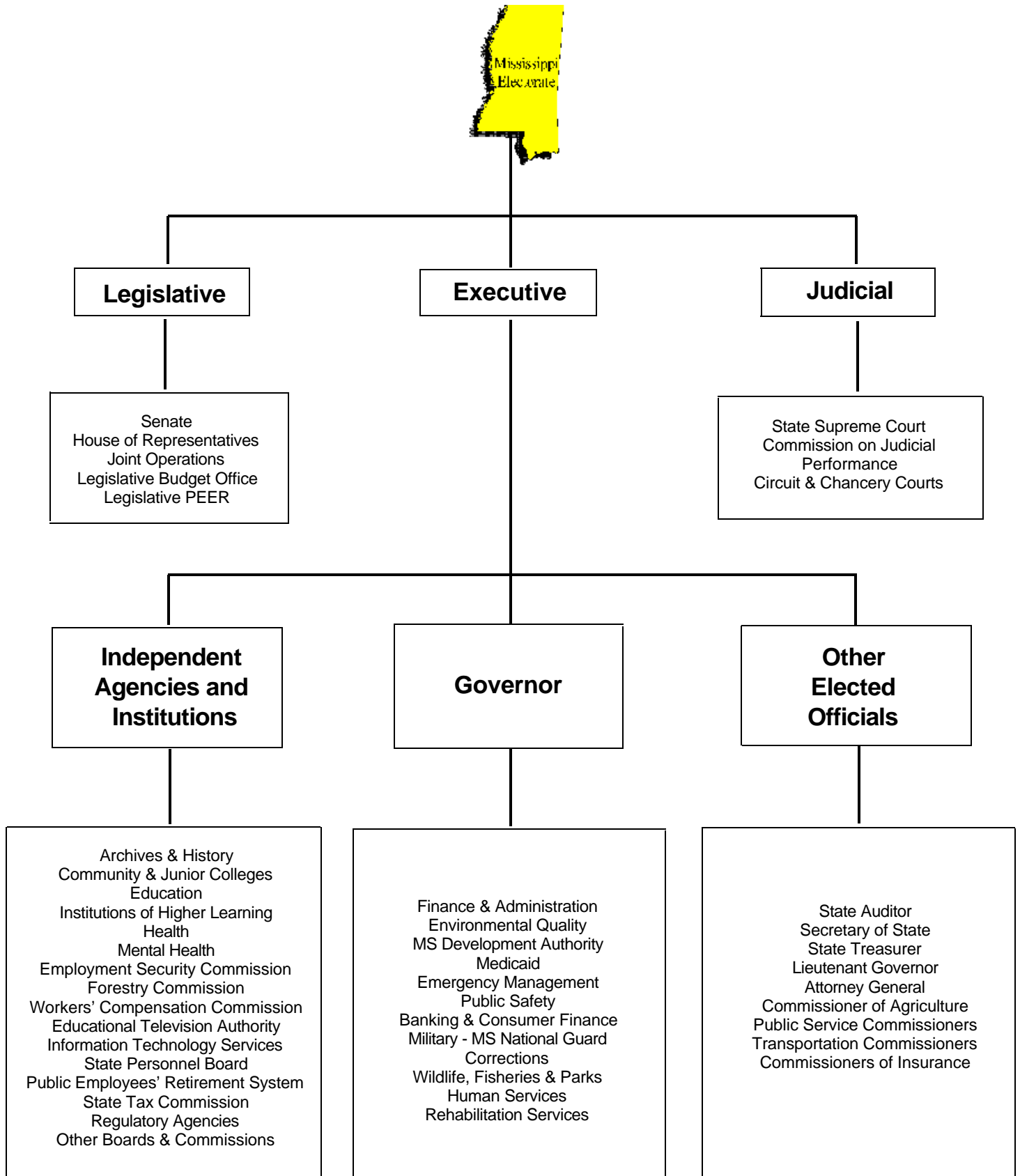
Chief Justice
Edwin Lloyd Pittman

Presiding Justices
Fred L. Banks, Jr.
C. R. (Chuck) McRae

Justices
James W. Smith, Jr.
Michael P. Mills
William L. Waller, Jr.
Kay B. Cobb
Oliver E. Diaz, Jr.
Charles D. Easley, Jr.

Clerk of the Supreme Court
Betty Sephton

Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of
Mississippi

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Timothy A. Chave
President

Jeffrey L. Esser
Executive Director



Financial Section

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State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

INDEPENDENT AUDITOR'S REPORT

The Governor, Members of the Legislature
and Citizens of the State of Mississippi

We have audited the accompanying general purpose financial statements of the State of Mississippi as of and for the year ended June 30, 2001, as listed in the table of contents. The general purpose financial statements are the responsibility of the state's management. Our responsibility is to express an opinion on these general purpose financial statements based upon our audit. Except for university funds, we did not audit the financial statements of the component units of the state. We did not audit the financial statements of the pension trust funds and the related schedule of funding progress and of certain special revenue, expendable trust, internal service and enterprise funds. These financial statements represent 100% of the plan net assets and changes in plan net assets of the pension trust funds; 76% and 35% of the assets and revenues, respectively, of the special revenue funds; 45% and 12% of the assets and revenues, respectively, of the expendable trust funds; 27% and 4% of the assets and revenues, respectively, of the internal service funds; and 86% and 69% of the assets and revenues, respectively, of the enterprise funds. We also did not audit certain accounts within the General Fund. These certain accounts represent 9% and less than 1% of the assets and revenues, respectively, of the General Fund. These financial statements and accounts were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included for the component units other than university funds, pension trust funds, and these special revenue, expendable trust, internal service and enterprise funds, and these certain accounts of the General Fund is based solely upon the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based upon our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Mississippi as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types, nonexpendable trust funds and certain component units, changes in plan net assets of its pension trust funds and the related schedule of funding progress, and the changes in fund balances and current fund revenues, expenditures and other changes of the university funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

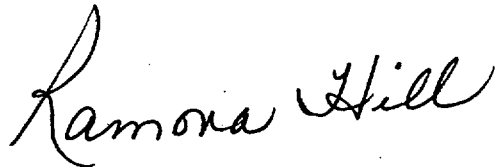
In accordance with *Government Auditing Standards*, our report dated December 7, 2001, on our consideration of the state's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants will be issued under separate cover in our *Single Audit Report* in March, 2002. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and related schedules, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the State of Mississippi. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The statistical and economic data listed in the table of contents were not audited by us, and accordingly, we do not express an opinion thereon.

A large, stylized handwritten signature in black ink, reading "Phil Bryant".

PHIL BRYANT
State Auditor

A large, stylized handwritten signature in black ink, reading "Ramona Hill".

RAMONA HILL, CPA
Director, Financial and Compliance
Audit Division

Jackson, Mississippi
December 7, 2001



General Purpose Financial Statements



All Fund Types, Account Groups And Discretely Presented Component Units

Combined Balance Sheet

June 30, 2001 (Expressed in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Equity in internal investment pool	\$ 1,416,845	\$ 129,431	\$ 16,168	\$ 96,424
Cash and cash equivalents	37,600	29,500		
Amount on deposit with U.S. Treasury				
Investments	283,069	588,473	21,670	320,974
Receivables, net	533,830	5,648	616	2,895
Due from other governments, net	636,533	44,121		
Due from other funds	9,454	16,940	1,327	581
Due from component units	7,726			
Due from primary government				
Inventories	72,950	1,422		
Prepaid items				
Loans and notes receivable, net	186,065	857		
Loans to other funds	2,040			
Restricted Assets:				
Equity in internal investment pool				
Cash and cash equivalents				
Investments				
Interest receivable, net				
Due from other governments				
Property, plant and equipment, net of depreciation where applicable				
Deferred charges and other assets	11,288			
Amount available, designated for debt service				
Amount to be provided for retirement of general long-term debt				
Total Assets and Other Debits	\$ 3,197,400	\$ 816,392	\$ 39,781	\$ 420,874
Liabilities, Fund Equity and Other Credits				
Liabilities:				
Warrants payable	\$ 98,272	\$ 17,674	\$	\$ 666
Accounts payable and accruals	365,341	9,004	381	
Contracts payable	83,896			22,495
Income tax refunds payable	151,500			
Due to other governments	220,360	8,136		
Due to other funds	26,568	1,462	5,528	
Due to component units	32,121	472		
Due to primary government				
Customer deposits				
Claims liability				
Amounts held in custody for others				
Obligations under securities lending				
Deferred revenues	110,537	18,822		
Loans from other funds		13		
Tuition benefits payable				
Liabilities payable from restricted assets				
General obligation bonds and notes	145,000			
Limited obligation bonds				
Revenue bonds and notes payable				
Lease obligations payable				
Other liabilities		238		
Total Liabilities	1,233,595	55,821	5,909	23,161
Fund Equity and Other Credits:				
Investment in fixed assets				
Contributed capital				
Retained earnings:				
Reserved				
Unreserved				
Fund balances:				
Reserved	616,159	19,969		
Unreserved:				
Designated	1,173,314	629,896	33,872	397,713
Undesignated	174,332	110,706		
Total Fund Equity (Deficit) and Other Credits	1,963,805	760,571	33,872	397,713
Total Liabilities, Fund Equity and Other Credits	\$ 3,197,400	\$ 816,392	\$ 39,781	\$ 420,874

The accompanying notes to the financial statements are an integral part of this statement.

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Total (Memorandum Only) Primary Government	Component Units	Total (Memorandum Only) Reporting Entity
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-term Obligations			
\$ 14,540	\$ 28,677	\$ 19,066	\$	\$	\$ 1,721,151	\$ 9,153	\$ 1,730,304
17,126	1,508	240,551			326,285	350,749	677,034
		696,234			696,234		696,234
100,220	87,086	17,875,940			19,277,432	279,667	19,557,099
4,293	285	475,072			1,022,639	168,223	1,190,862
67	27	1,510			682,258	321	682,579
985	3,078	17,228			49,593	62,935	112,528
16	112	106			7,960		7,960
						32,593	32,593
1,033		450			75,855	21,626	97,481
161					161	3,569	3,730
115,396					302,318	100,264	402,582
		13			2,053		2,053
373					373		373
627					627	598	1,225
31,358					31,358	7,330	38,688
9					9		9
44					44		44
145,091	3,929	3,694	1,888,938		2,041,652	2,208,057	4,249,709
					11,288	28,957	40,245
				116,724	116,724	442	117,166
				2,588,152	2,588,152	2,673	2,590,825
\$ 431,339	\$ 124,702	\$ 19,329,864	\$ 1,888,938	\$ 2,704,876	\$ 28,954,166	\$ 3,277,157	\$ 32,231,323
\$ 760	\$ 2,023	\$ 340	\$	\$	\$ 119,735	\$ 755	\$ 120,490
5,306	4,955	731,811			1,116,798	152,483	1,269,281
936					107,327		107,327
					151,500		151,500
11,806		9,594			249,896		249,896
938	284	14,813			49,593	62,935	112,528
					32,593		32,593
						7,960	7,960
1,021					1,021		1,021
	126,424				126,424		126,424
		14,509			14,509	3,341	17,850
		1,728,732			1,728,732		1,728,732
328	1,299	1,526			132,512	38,698	171,210
2,040					2,053		2,053
89,781					89,781		89,781
						74	74
58,150				2,274,822	2,477,972		2,477,972
				165,535	165,535		165,535
670					670	252,451	253,121
284	515			166,039	166,838	25,531	192,369
14				98,480	98,732	18,903	117,635
172,034	135,500	2,501,325		2,704,876	6,832,221	563,131	7,395,352
			1,888,938		1,888,938	1,892,330	3,781,268
35,872					35,872	31,043	66,915
455					455	7,000	7,455
222,978	(10,798)				212,180	33,371	245,551
		16,825,809			17,461,937	314,635	17,776,572
					2,234,795	193,200	2,427,995
		2,730			287,768	242,447	530,215
259,305	(10,798)	16,828,539	1,888,938		22,121,945	2,714,026	24,835,971
\$ 431,339	\$ 124,702	\$ 19,329,864	\$ 1,888,938	\$ 2,704,876	\$ 28,954,166	\$ 3,277,157	\$ 32,231,323



All Governmental Fund Types, Expendable Trust Funds And Discretely Presented Component Units

Combined Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances

For the Year Ended June 30, 2001 (Expressed in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Taxes	\$ 4,444,559	\$ 8,800		\$
Licenses, fees and permits	329,427	60,789		
Federal government	3,310,088	228,406		
Participant contributions				
Interest and other investment income (loss), net	112,516	(25,919)	9,007	19,451
Charges for sales and services	250,961	8,129		
Rentals	9,624	5,423		
Court assessments and settlements	33,611	211,503		
Other	214,786	18,773		9,409
Total Revenues	8,705,572	515,904	9,007	28,860
Expenditures:				
Current:				
General government	1,046,103			
Education	2,241,073			23,961
Health and social services	3,445,899	141,501		
Law, justice and public safety	444,018	84,856		
Recreation and resources development	245,589	144,323		
Regulation of business and professions		28,815		
Transportation	756,564			
Debt service:				
Principal	109,926	337	41,919	
Interest and other fiscal charges	90,393	21	42,794	64
Defeasance of debt			4,389	
Capital outlay				80,921
Total Expenditures	8,379,565	399,853	89,102	104,946
Excess of Revenues over (under) Expenditures	326,007	116,051	(80,095)	(76,086)
Other Financing Sources (Uses):				
Proceeds from bonds and notes	212,061			213,939
Proceeds of refunding bonds	320,115			
Proceeds from capital leases	50,020	2,632		
Payments to refunded bond escrow agent	(343,714)			
Operating transfers in	63,553	30,067	82,740	4,308
Operating transfers out	(133,463)	(31,477)	(400)	(26,161)
Operating transfers from component units	4,131			15,543
Operating transfers to component units	(604,827)	(1,064)		(68,850)
Operating transfers to primary government				
Net Other Financing Sources (Uses)	(432,124)	158	82,340	138,779
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(106,117)	116,209	2,245	62,693
Net income from proprietary operations				
Fund Balances July 1	2,063,546	646,453	31,627	335,020
Residual Equity Transfers In	2,574			
Residual Equity Transfers Out		(2,011)		
Increase (Decrease) in Reserve for Inventories	3,802	(80)		
Fund Balances June 30	\$ 1,963,805	\$ 760,571	\$ 33,872	\$ 397,713

The accompanying notes to the financial statements are an integral part of this statement.

Fiduciary Fund Type	Totals (Memorandum Only) Primary Government	Component Units	Totals (Memorandum Only) Reporting Entity
Expendable Trust			
\$ 99,262	\$ 4,552,621	\$	\$ 4,552,621
	390,216	1,198	391,414
2,902	3,541,396	358	3,541,754
49,424	49,424		49,424
16,058	131,113	473	131,586
	259,090	154	259,244
	15,047	2,720	17,767
	245,114		245,114
2	242,970	5,673	248,643
167,648	9,426,991	10,576	9,437,567
21,823	1,067,926		1,067,926
71	2,265,105		2,265,105
151,256	3,738,656		3,738,656
	528,874		528,874
	389,912	8,699	398,611
	28,815		28,815
	756,564		756,564
	152,182	441	152,623
	133,272	150	133,422
	4,389		4,389
	80,921		80,921
173,150	9,146,616	9,290	9,155,906
(5,502)	280,375	1,286	281,661
	426,000		426,000
	320,115		320,115
	52,652		52,652
	(343,714)		(343,714)
	180,668		180,668
	(191,501)		(191,501)
	19,674		19,674
	(674,741)		(674,741)
		(611)	(611)
	(210,847)	(611)	(211,458)
(5,502)	69,528	675	70,203
		239	239
1,340,533	4,417,179	15,305	4,432,484
	2,574		2,574
	(2,011)		(2,011)
	3,722		3,722
\$ 1,335,031	\$ 4,490,992	\$ 16,219	\$ 4,507,211



All Budgetary Funds

Combined Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP Basis)

For the Year Ended June 30, 2001 (Expressed in Thousands)

	General Fund			Education
	Budget	Actual	Variance Favorable (Unfavorable)	Budget
Revenues:				
Sales tax	\$ 1,450,000	\$ 1,383,512	\$ (66,488)	\$ 190,416
Individual income tax	1,120,000	1,033,795	(86,205)	
Corporate income and franchise taxes	330,000	273,748	(56,252)	
Use and wholesale compensating taxes	170,000	159,470	(10,530)	20,497
Tobacco, beer and wine taxes	88,000	85,767	(2,233)	
Insurance tax	99,791	108,613	8,822	
Oil and gas severance taxes	10,000	10,000		
Alcoholic Beverage Control excise and privilege taxes and net profit on sale of alcoholic beverages	43,000	43,247	247	
Inheritance tax	25,000	27,575	2,575	
Other taxes	17,496	15,976	(1,520)	
Interest	40,000	39,559	(441)	
Auto privilege, tag and title fees	14,000	13,760	(240)	
Gaming fees	180,000	161,586	(18,414)	
Highway Safety Patrol fees	23,000	22,442	(558)	
Other fees and services	10,848	11,697	849	
Miscellaneous	3,000	2,742	(258)	
Court assessments and settlements		25,000	25,000	
Special Fund revenues				
Total Revenues	3,624,135	3,418,489	(205,646)	210,913
Expenditures by Major Budgetary Function:				
Legislative	21,962	21,124	838	
Judicial and justice	48,998	47,657	1,341	
Executive and administrative	3,749	3,631	118	
Fiscal affairs	69,978	69,873	105	
Public education	1,415,496	1,411,539	3,957	178,895
Higher education	633,915	633,913	2	98,484
Public health	42,227	41,287	940	
Hospitals and hospital schools	213,082	213,002	80	
Agriculture, commerce and economic development	113,728	113,408	320	5,688
Conservation and recreation	64,969	64,799	170	250
Insurance and banking	2,898	2,894	4	
Corrections	231,251	231,014	237	
Interdepartmental service				
Social welfare	320,092	320,050	42	
Public protection and veterans assistance	77,994	76,976	1,018	2,085
Local assistance	77,050	77,050		
Motor vehicle and other regulatory agencies	1,048	1,004	44	
Miscellaneous	2,131	2,130	1	428
Public works	76	76		353
Debt service	174,634	174,607	27	
Total Expenditures	3,515,278	3,506,034	9,244	286,183
Excess of Revenues over (under) Expenditures	108,857	(87,545)	(196,402)	(75,270)
Other Financing Sources (Uses):				
Operating transfers in (out)	26,100	25,084	(1,016)	
Transfers out of general fund cash balance		(5,397)	(5,397)	
Transfer from working cash stabilization fund reserve		50,000	50,000	
Investments sold, net				
Other uses of cash		(200)	(200)	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	134,957	(18,058)	(153,015)	(75,270)
Budgetary Fund Balances July 1	21,237	21,237		
Residual Equity Transfers In (Out)		12,295	12,295	
Budgetary Fund Balances (Deficits) June 30	\$ 156,194	\$ 15,474	\$ (140,720)	\$ (75,270)

The accompanying notes to the financial statements are an integral part of this statement.

Enhancement Fund			Special Fund			Totals (Memorandum Only)		
Actual	Variance Favorable (Unfavorable)		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 187,242	\$ (3,174)		\$	\$		\$ 1,640,416	\$ 1,570,754	\$ (69,662)
						1,120,000	1,033,795	(86,205)
						330,000	273,748	(56,252)
18,110	(2,387)					190,497	177,580	(12,917)
						88,000	85,767	(2,233)
						99,791	108,613	8,822
						10,000	10,000	
						43,000	43,247	247
						25,000	27,575	2,575
						17,496	15,976	(1,520)
1,025	1,025					40,000	40,584	584
						14,000	13,760	(240)
						180,000	161,586	(18,414)
						23,000	22,442	(558)
						10,848	11,697	849
1	1					3,000	2,743	(257)
							25,000	25,000
			5,957,115	5,121,567	(835,548)	5,957,115	5,121,567	(835,548)
206,378	(4,535)		5,957,115	5,121,567	(835,548)	9,792,163	8,746,434	(1,045,729)
						21,962	21,124	838
			35,787	21,346	14,441	84,785	69,003	15,782
			9,276	8,393	883	13,025	12,024	1,001
			39,396	32,289	7,107	109,374	102,162	7,212
157,942	20,953		760,285	624,750	135,535	2,354,676	2,194,231	160,445
81,903	16,581		17,304	14,541	2,763	749,703	730,357	19,346
			185,079	165,162	19,917	227,306	206,449	20,857
			243,708	222,444	21,264	456,790	435,446	21,344
3,637	2,051		137,140	101,150	35,990	256,556	218,195	38,361
62	188		185,974	127,052	58,922	251,193	191,913	59,280
			32,397	28,252	4,145	35,295	31,146	4,149
			33,828	27,173	6,655	265,079	258,187	6,892
			39,997	32,434	7,563	39,997	32,434	7,563
			2,808,639	2,608,449	200,190	3,128,731	2,928,499	200,232
2,083	2		224,122	138,262	85,860	304,201	217,321	86,880
						77,050	77,050	
			21,144	19,097	2,047	22,192	20,101	2,091
406	22		3,188	2,848	340	5,747	5,384	363
353			1,108,494	826,436	282,058	1,108,923	826,865	282,058
			71,357	66,397	4,960	245,991	241,004	4,987
246,386	39,797		5,957,115	5,066,475	890,640	9,758,576	8,818,895	939,681
(40,008)	35,262			55,092	55,092	33,587	(72,461)	(106,048)
2,056	2,056			(23,874)	(23,874)	26,100	3,266	(22,834)
				35,000	35,000		(5,397)	(5,397)
				5,633	5,633		85,000	85,000
(157)	(157)						5,633	5,633
							(357)	(357)
(38,109)	37,161			71,851	71,851	59,687	15,684	(44,003)
39,019	39,019			786,004	786,004	21,237	846,260	825,023
(124)	(124)			(12,171)	(12,171)			
\$ 786	\$ 76,056	\$	0	\$ 845,684	\$ 845,684	\$ 80,924	\$ 861,944	\$ 781,020



All Proprietary Fund Types, Nonexpendable Trust Funds And Discretely Presented Component Units

Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances For the Year Ended June 30, 2001 (Expressed in Thousands)

	Proprietary Fund Types		Fiduciary Fund Type
	Enterprise	Internal Service	Nonexpendable Trust
Operating Revenues:			
Charges for sales and services	\$ 42,665	\$ 448,497	\$
Interest and other investment income, net	7,034		2,913
Rentals	1,665		
Fees	342		1,767
Oil and gas royalties and taxes			8,269
Other	404	2,084	24
Total Operating Revenues	52,110	450,581	12,973
Operating Expenses:			
Costs of sales and services	17,046		
Benefit payments	995	388,565	
Excess of present value of related benefits payable over tuition receipts	14,407		
Administrative expenses	26,013	55,678	109
Depreciation	4,254	2,298	
Other	294		
Total Operating Expenses	63,009	446,541	109
Operating Income (Loss)	(10,899)	4,040	12,864
Nonoperating Revenues	6,088	6,759	
Nonoperating Expenses	(3,152)	(146)	
Income (Loss) Before Operating Transfers	(7,963)	10,653	12,864
Operating Transfers In	15,713	353	
Operating Transfers Out	(1,947)	(1,700)	(1,586)
Net Income (Loss)	5,803	9,306	11,278
Add Depreciation on Contributed Assets	435		
Increase (Decrease) in Retained Earnings/Fund Balances	6,238	9,306	11,278
Retained Earnings (Deficit)/Fund Balances July 1, as restated	217,758	(20,104)	34,223
Residual Equity Transfers Out	(563)		
Retained Earnings (Deficit)/Fund Balances June 30	\$ 223,433	\$ (10,798)	\$ 45,501

The accompanying notes to the financial statements are an integral part of this statement.

Totals (Memorandum Only) Primary Government		Component Units	Totals (Memorandum Only) Reporting Entity		
\$	491,162	\$	9,479	\$	500,641
	9,947				9,947
	1,665				1,665
	2,109	946			3,055
	8,269				8,269
	2,512	3			2,515
	515,664	10,428			526,092
	17,046	2,652			19,698
	389,560				389,560
	14,407				14,407
	81,800	7,847			89,647
	6,552	1,562			8,114
	294	47			341
	509,659	12,108			521,767
	6,005	(1,680)			4,325
	12,847	1,344			14,191
	(3,298)	(71)			(3,369)
	15,554	(407)			15,147
	16,066				16,066
	(5,233)				(5,233)
	26,387	(407)			25,980
	435				435
	26,822	(407)			26,415
	231,877	34,698			266,575
	(563)				(563)
\$	258,136	\$	34,291	\$	292,427

All Proprietary Fund Types, Nonexpendable Trust Funds And Discretely Presented Component Units

Combined Statement of Cash Flows

For the Year Ended June 30, 2001 (Expressed in Thousands)

	Proprietary Fund Types		Fiduciary Fund Type
	Enterprise	Internal Service	Nonexpendable Trust
Cash Flows from Operating Activities:			
Cash receipts/premiums from quasi-external operating transactions with other funds	\$	\$ 169,151	\$
Cash receipts/premiums from customers	57,007	278,454	
Cash payments to suppliers for goods and services	(28,856)	(41,230)	(103)
Cash payments to employees for services	(13,437)	(12,279)	
Cash payments for tuition	(995)		
Cash payments for benefits		(377,895)	
Other operating cash receipts	311	2,084	10,055
Other operating cash payments			
Income received on tuition receipts	3,257		
Principal and interest received on program loans	17,403		
Issuance of program loans	(14,922)		
Net Cash Provided by (Used for) Operating Activities	19,768	18,285	9,952
Cash Flows from Noncapital Financing Activities:			
Operating transfers in	11,700	248	
Operating transfers out	(1,947)	(1,700)	(1,888)
Residual equity transfers out	(563)		
Operating grants received	250		
Revenues from counties	1,194		
Operating transfers to primary government			
Other noncapital financing cash payments			
Net Cash Provided by (Used for) Noncapital Financing Activities	10,634	(1,452)	(1,888)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(12,963)	(2,088)	
Proceeds from sale of capital assets			
Proceeds from capital leases			
Proceeds from notes payable			
Loans from other funds	2,500		
Principal paid on bonds and equipment contracts	(5,934)	(461)	
Interest paid on bonds and equipment contracts	(3,217)	(37)	
Net Cash Used for Capital and Related Financing Activities	(19,614)	(2,586)	
Cash Flows from Investing Activities:			
Proceeds from sale of investments	80,912	6,331	12,768
Purchases of investments	(89,851)	(20,200)	(15,969)
Interest and other investment income	4,278	5,229	2,012
Net Cash Provided by (Used for) Investing Activities	(4,661)	(8,640)	(1,189)
Net Increase in Cash and Cash Equivalents	6,127	5,607	6,875
Cash and Cash Equivalents July 1, as restated	26,539	24,578	5,385
Cash and Cash Equivalents June 30	\$ 32,666	\$ 30,185	\$ 12,260
Reconciliation of Cash and Cash equivalents to the balance sheet:			
Equity in internal investment pool	\$ 14,540	\$ 28,677	\$ 19,066
Cash and cash equivalents	17,126	1,508	240,551
Restricted equity in internal investment pool	373		
Restricted cash and cash equivalents	627		
Expendable trust, pension trust, agency and non-proprietary component units			(247,357)
Cash and Cash Equivalents, June 30, 2001	\$ 32,666	\$ 30,185	\$ 12,260

Totals (Memorandum Only) Primary Government	Component Units	Totals (Memorandum Only) Reporting Entity
\$	\$	\$
169,151		169,151
335,461	10,243	345,704
(70,189)	(6,653)	(76,842)
(25,716)	(3,663)	(29,379)
(995)		(995)
(377,895)		(377,895)
12,450	3	12,453
	(41)	(41)
3,257		3,257
17,403		17,403
(14,922)		(14,922)
48,005	(111)	47,894
11,948		11,948
(5,535)		(5,535)
(563)		(563)
250		250
1,194		1,194
	(3)	(3)
	(30)	(30)
7,294	(33)	7,261
(15,051)	(2,401)	(17,452)
	18	18
	845	845
	745	745
2,500		2,500
(6,395)	(12)	(6,407)
(3,254)	(30)	(3,284)
(22,200)	(835)	(23,035)
100,011	22,114	122,125
(126,020)	(22,415)	(148,435)
11,519	1,426	12,945
(14,490)	1,125	(13,365)
18,609	146	18,755
56,502	2,669	59,171
\$ 75,111	\$ 2,815	\$ 77,926
\$ 62,283	\$ 9,153	\$ 71,436
259,185	350,749	609,934
373		373
627	598	1,225
(247,357)	(357,685)	(605,042)
\$ 75,111	\$ 2,815	\$ 77,926

(Continued on Next Page)

All Proprietary Fund Types, Nonexpendable Trust Funds And Discretely Presented Component Units

Combined Statement of Cash Flows

For the Year Ended June 30, 2001 (Expressed in Thousands)

(Continued from Previous Page)

	Proprietary Fund Types		Fiduciary Fund Type
	Enterprise	Internal Service	Nonexpendable Trust
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating income (loss)	\$ (10,899)	\$ 4,040	\$ 12,864
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Interest and other investment income			(2,012)
Depreciation	4,254	2,298	
Net depreciation (appreciation) in fair value of investments	3,690		(684)
Changes in assets and liabilities:			
(Increase) decrease in assets			
Accounts receivable, net	(47)	39	
Interest receivable	(110)		(217)
Due from other governments	9	34	
Interfund receivables	(113)	(549)	(5)
Inventories	(23)		
Prepaid items	(54)		
Loans and notes receivable, net	(4,166)		
Increase (decrease) in liabilities			
Warrants payable	(233)	976	4
Accounts payable and accruals	342	1,128	2
Due to other governments	4		
Interfund payables	121	94	
Tuition benefits payable	26,937		
Claims liability		10,645	
Deferred revenues	56	(420)	
Other liabilities			
Total Adjustments	30,667	14,245	(2,912)
Net Cash Provided by (Used for) Operating Activities	\$ 19,768	\$ 18,285	\$ 9,952

Noncash Capital and Related Financing and Investing Activities:

The enterprise fund received donated machinery and equipment of \$6,000. The enterprise fund received land and machinery and equipment of \$8,000 and \$68,000, respectively, from other state agencies. The enterprise fund received contributed capital of \$39,000. The enterprise fund received fixed assets related to construction in progress of \$3,997,000 from other state agencies. The enterprise fund entered into a capital lease agreement totaling \$120,000. Payments on the new lease included principal of \$10,000 and interest of \$4,000. At June 30, 2001, the enterprise fund's investments are reported at fair value, creating a noncash investment loss of \$3,690,000.

The internal service fund entered into a \$342,000 capital lease agreement. Payments on the new lease included principal payments of \$80,000 and interest payments of \$11,000. The internal service fund received machinery and equipment from another state agency of \$292,000. At June 30, 2001, the internal service fund's investments are reported at fair value, creating a noncash investment gain of \$1,530,000.

At June 30, 2001, the nonexpendable trust fund's investments are reported at fair value, creating a noncash investment gain of \$684,000.

The accompanying notes to the financial statements are an integral part of this statement.

Totals (Memorandum Only)		Totals (Memorandum Only)
Primary Government	Component Units	Reporting Entity
\$ 6,005	\$ (1,680)	\$ 4,325
(2,012)		(2,012)
6,552	1,562	8,114
3,006		3,006
(8)	(153)	(161)
(327)		(327)
43		43
(667)	(64)	(731)
(23)	343	320
(54)	(77)	(131)
(4,166)		(4,166)
747		747
1,472	(53)	1,419
4		4
215		215
26,937		26,937
10,645		10,645
(364)	6	(358)
	5	5
42,000	1,569	43,569
\$ 48,005	\$ (111)	\$ 47,894



Pension Trust Funds

Statement of Changes In Plan Net Assets

For the Year Ended June 30, 2001 (Expressed in Thousands)

	Public Employees' Retirement System	Mississippi Highway Safety Patrol Retirement System	Municipal Retirement Systems
Additions:			
Contributions:			
Employer	\$ 418,281	\$ 5,835	\$ 15,177
Employee	310,257	1,458	777
Total Contributions	728,538	7,293	15,954
Net Investment Income:			
Net depreciation			
in fair value of investments	(1,607,921)	(26,058)	(27,464)
Interest and dividends	460,966	7,394	7,793
Securities Lending:			
Income from securities lending	107,917	1,749	1,843
Interest expense and trading			
costs from securities lending	(98,896)	(1,603)	(1,689)
Managers' fees and trading costs	(21,575)	(350)	(369)
Net Investment Loss	(1,159,509)	(18,868)	(19,886)
Other Revenues:			
Rent income	85		
Administrative fees	553		
Other	8	28	
Total Other Revenues	646	28	
Total Additions (Reductions)	(430,325)	(11,547)	(3,932)
Deductions:			
Retirement annuities	759,282	15,166	29,986
Refunds to terminated employees	65,370	62	135
Total	824,652	15,228	30,121
Administrative expenses:			
Personal services:			
Salaries, wages and fringe benefits	4,616		
Travel	72		
Contractual services	3,456	117	429
Commodities	513		
Total Administrative Expenses	8,657	117	429
Depreciation	186		
Total Deductions	833,495	15,345	30,550
Net Decrease in Plan Net Assets	(1,263,820)	(26,892)	(34,482)
Net Assets Held in Trust for Pension Benefits:			
Beginning of Year, as restated	16,210,018	266,918	287,858
End of Year	\$ 14,946,198	\$ 240,026	\$ 253,376

The accompanying notes to the financial statements are an integral part of this statement.

Supplemental Legislative Retirement Plan		Totals
\$		
	382 \$	439,675
	181	312,673
	563	752,348
	(913)	(1,662,356)
	259	476,412
	61	111,570
	(56)	(102,244)
	(12)	(22,306)
	(661)	(1,198,924)
		85
		553
		36
		674
	(98)	(445,902)
	361	804,795
	16	65,583
	377	870,378
		4,616
		72
	7	4,009
		513
	7	9,210
		186
	384	879,774
	(482)	(1,325,676)
	8,889	16,773,683
\$	8,407 \$	15,448,007



University Funds

Statement of Changes in Fund Balances Component Unit

For the Year Ended June 30, 2001 (Expressed in Thousands)

	Current Funds			Endowment and Similar
	Unrestricted	Restricted	Loan	
Revenues and Other Additions:				
Tuition and fees	\$ 242,203	\$ 99	\$ 1	\$
Federal appropriations, grants and contracts	16,666	276,158	870	583
State grants and contracts	730	42,761	6,351	
Local appropriations, grants and contracts	3,203	1,542		
Private gifts, grants and contracts	14,481	55,238	361	3,167
Endowment income	343	2,174	16	339
Investment income (loss), net	18,762	48	613	(965)
Interest on loans receivable			1,331	
Federal advances			674	
Proceeds from bonds and notes				
Sale of forest land				38,302
Additions to plant facilities				
Retirement of indebtedness				
Sales and services of educational activities	33,265	899		
Sales and services of auxiliary activities	143,384			
Sales and services of hospitals	332,484			
Independent operations	2,024			
Other	60,488	2,201	490	18
Total Revenues and Other Additions	868,033	381,120	10,707	41,444
Expenditures and Other Deductions:				
Educational and general	831,423	383,571	9,716	
Auxiliary enterprises	136,052	623		
Hospital	335,117			
Independent operations	1,764			
Administrative and indirect costs recovered		23,854	82	
Refunds to grantors	8	126	14	
Loan cancellations and write-offs			1,559	
Collection costs			141	
Expended for plant facilities				
Repairs and maintenance				
Plant assets sold or retired				
Long-term debt incurred				
Retirement of indebtedness				
Interest on indebtedness				
Change in provision for uncollectible accounts	1,199		77	
Other	10,066	4,180	907	137
Total Expenditures and Other Deductions	1,315,629	412,354	12,496	137
University Funds Interfund Transfers In (Out):				
Mandatory:				
Principal and interest	(22,139)	(251)		
Restricted fund matching	(8,453)	8,951		(462)
Loan fund matching	(439)	10	433	(4)
Renewals and replacements	(1,302)			
Nonmandatory:				
Building projects	(14,934)	(55)		(22)
Other	(25,366)	(1,741)	312	4,659
Total University Funds Interfund Transfers In (Out)	(72,633)	6,914	745	4,171
Operating Transfers from Primary Government	581,017	18,880	5,994	
Operating Transfers to Primary Government	(4,131)			
Net Increase (Decrease) in Fund Balances	56,657	(5,440)	4,950	45,478
Fund Balances July 1, as restated	246,300	33,984	99,724	76,084
Fund Balances June 30	\$ 302,957	\$ 28,544	\$ 104,674	\$ 121,562

The accompanying notes to the financial statements are an integral part of this statement.

Plant Funds				Totals (Memorandum Only)
Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant	
\$ 489	\$	708	\$	243,500
3,514				297,791
15				49,857
				4,745
15,947	124	1,411	154	90,883
3	166			3,041
4,815	2,444	437		26,154
420				1,751
				674
39,570	17,125			56,695
				38,302
			250,094	250,094
			15,481	15,481
190	169			34,523
				143,384
				332,484
				2,024
10,292	2,586	1,177		77,252
75,255	22,614	3,733	265,729	1,668,635
				1,224,710
				136,675
				335,117
				1,764
				23,936
				148
				1,559
				141
134,905	2,151		206	137,262
19,129	1,348			20,477
			49,534	49,534
			64,772	64,772
		15,481		15,481
		11,390		11,390
				1,276
1,569	37	281		17,177
155,603	3,536	27,152	114,512	2,041,419
(1,763)	1,799	22,354		
(36)				
(3,771)	5,073			
38,551	(23,499)	(41)		
14,474	7,504	158		
47,455	(9,123)	22,471		
68,850				674,741
(14,932)				(19,063)
21,025	9,955	(948)	151,217	282,894
98,937	40,283	13,154	1,655,623	2,264,089
\$ 119,962	\$ 50,238	\$ 12,206	\$ 1,806,840	\$ 2,546,983



University Funds

Statement of Current Fund Revenues, Expenditures and Other Changes

Component Unit

For the Year Ended June 30, 2001 (Expressed in Thousands)

	Current Funds		Totals (Memorandum Only)
	Unrestricted	Restricted	
Revenues			
Tuition and fees	\$ 242,203	\$ 99	\$ 242,302
Local appropriations	3,021		3,021
Federal grants and contracts	16,666	270,522	287,188
State grants and contracts	730	42,761	43,491
Local grants and contracts	182	1,542	1,724
Private gifts, grants and contracts	14,481	55,238	69,719
Endowment income	343	2,174	2,517
Investment income	18,762	48	18,810
Sales and services of educational activities	33,265	899	34,164
Sales and services of auxiliary activities	143,384		143,384
Sales and services of hospitals	332,484		332,484
Independent operations	2,024		2,024
Other sources	60,488	2,201	62,689
Total Current Revenues	868,033	375,484	1,243,517
Expenditures and Mandatory Transfers			
Educational and general:			
Instruction	347,888	36,800	384,688
Research	75,740	149,090	224,830
Public service	53,447	43,457	96,904
Academic support	82,915	16,387	99,302
Student services	45,305	2,441	47,746
Institutional support	94,040	20,153	114,193
Operation and maintenance of plant	87,088	123	87,211
Scholarships and fellowships	45,000	115,120	160,120
Educational and General Expenditures	831,423	383,571	1,214,994
Mandatory transfers for:			
Principal and interest	11,626	251	11,877
Restricted fund matching	8,367	(8,951)	(584)
Loan fund matching	439	(10)	429
Renewals and replacements	230		230
Total Educational and General Expenditures	852,085	374,861	1,226,946
Auxiliary enterprises:			
Expenditures	136,052	623	136,675
Mandatory transfers for:			
Principal and interest	10,513		10,513
Restricted fund matching	86		86
Renewals and replacements	1,072		1,072
Total Auxiliary Enterprises	147,723	623	148,346
Hospital operations expenditures	335,117		335,117
Independent operations expenditures	1,764		1,764
Total Expenditures and Mandatory Transfers	1,336,689	375,484	1,712,173
Other Transfers and Additions/(Deductions)			
Excess of restricted receipts over transfers to revenues		5,636	5,636
Operating transfers from primary government	581,017	18,880	599,897
Operating transfers to primary government	(4,131)		(4,131)
Building support	(14,934)	(55)	(14,989)
Indirect and administrative costs recovered		(23,854)	(23,854)
Refunds to grantors	(8)	(126)	(134)
Provision for uncollectible accounts	(1,199)		(1,199)
Provision for accrued leave	(483)	(1,029)	(1,512)
Other	(34,949)	(4,892)	(39,841)
Net Increase (Decrease) in Fund Balances	\$ 56,657	\$ (5,440)	\$ 51,217

The accompanying notes to the financial statements are an integral part of this statement.



Notes to the Financial Statements

June 30, 2001

Note 1 - Significant Accounting Policies

The significant accounting policies applicable to the state of Mississippi are described below.

- A. Basis of Presentation** - The accompanying financial statements of the state of Mississippi have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The financial statements of the university funds have been prepared in conformity with GAAP as prescribed by the National Association of College and University Business Officers (NACUBO) and the American Institute of Certified Public Accountants (AICPA).
- B. Financial Reporting Entity** - For GAAP financial reporting purposes, the state of Mississippi's reporting entity includes all fund types and account groups of the state's various commissions, departments, boards, elected officials, universities, and other organizational units (hereinafter referred to collectively as "agencies"). Management has considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the state are such that exclusion would cause the state's financial statements to be misleading or incomplete. GASB has set forth criteria to be considered in determining financial accountability. These criteria include the following considerations: 1) appointment of a voting majority of an organization's governing authority and the ability of the primary government to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or 2) an organization is fiscally dependent on the primary government.

As required by GAAP, these financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of the government's operations and so data from these units are combined with that of the primary government. The blended component unit is:

Public Employees' Retirement System of Mississippi - The System was created having all the powers and privileges of a public corporation for the purpose of providing pension benefits for public employees of the state and its political subdivisions. The Board of Trustees is composed of the state treasurer, one member appointed by the governor and eight members elected by its members. The administrative expenses are subject to legislative budget controls. Its four pension trust funds, one expendable trust fund and two agency funds are reported as part of the state using the blended component method. The funds were audited by independent auditors for the period ended June 30, 2001, and their report, dated November 6, 2001, has been issued under separate cover. The comprehensive annual financial report may be obtained by writing to Public Employees' Retirement System of Mississippi, Attention: Financial Reporting Department, 429 Mississippi Street, Jackson, Mississippi 39201-1005 or by calling 1-800-444-PERS.

Discretely presented component units, which are legally separate from the state, are reported in separate component units columns of the combined financial statements. The component units columns include the financial data of these entities.

Mississippi Business Finance Corporation (Proprietary Fund Type) - This is a public corporation which is an incorporated certified development company. The Mississippi Business Finance Corporation (MBFC) is a legally separate entity. The primary government is not able to impose its will on MBFC and there is not a financial benefit/burden relationship. However, a large portion of MBFC's current overhead is provided by the state. This includes office space, furniture, equipment and some personnel. Therefore, it would be misleading not to include this entity as a discretely presented component unit.

Mississippi Coast Coliseum Commission (Proprietary Fund Type) - This is a political subdivision of the state. Expenditures are subject to legislative budget approvals. The commission is responsible for establishing, promoting, developing, locating, constructing, maintaining and operating a multi-purpose coliseum and related facilities within Harrison County, Mississippi.

Mississippi Development Bank (Proprietary Fund Type) - This is a legally separate entity created and established as a body corporate and politic. The primary government is not able to impose its will on the bank and there is not a financial benefit/burden relationship. However, a large portion of the bank's current overhead is provided by the state. This includes office space, furniture, equipment and some personnel. Therefore, it would be misleading not to include this entity as a discretely presented component unit.



Mississippi Prison Industries (Proprietary Fund Type) - This is a non-profit corporation created and established as a body politic and corporate, to lease and manage the prison industry programs of the Mississippi Correctional Industries. The primary government is not able to impose its will on the corporation. Neither a financial benefit nor burden exists between the primary government and prison industries. However, because prison industries utilizes state inmates for their workforce, leases state property at below market and may receive state appropriations for funding, it would be misleading not to include the corporation as a discretely presented component unit.

Pat Harrison Waterway District (Governmental Fund Type) - This agency is a body politic and corporate. Expenditures are subject to legislative budget approval. The agency is charged with the overall responsibility of providing flood relief along the Pascagoula River and its tributaries and to preserve and protect these waters for future generations, for economic enhancement of the area and its industrial growth.

Pearl River Basin Development District (Governmental Fund Type) - This agency is a body politic and corporate. Expenditures are subject to legislative budget approval. The agency was created for the purpose of preservation, conservation, storage and regulation of the waters of the Pearl River and its tributaries and their overflow waters for domestic, commercial, municipal, industrial, agricultural and manufacturing purposes, for recreational uses, for flood control, timber development, irrigation, navigation and pollution abatement.

Pearl River Valley Water Supply District (Governmental Fund Type) - This agency is a body politic and corporate. Expenditures are subject to legislative budget approval. This agency operates and maintains the Ross Barnett Reservoir and surrounding district lands, to provide water supply, flood reduction, and recreation opportunities.

Tombigbee River Valley Water Management District (Governmental Fund Type) - This agency is a body politic and corporate. Expenditures are subject to legislative budget approval. This agency provides for a plan of conservation, recreation, water control and utilization, agricultural development and industrial and economic advancement within the district.

Universities (University Funds) - The Board of Trustees of State Institutions of Higher Learning (IHL), appointed by the primary government, consists of Alcorn State University, Delta State University, Jackson State University, Mississippi State University, Mississippi University for Women, Mississippi Valley State University, the University of Southern Mississippi and the University of Mississippi. IHL is a body politic and corporate. IHL is funded through state appropriations, tuition, federal grants, and private donations and grants.

The discretely presented component units are audited by the Office of the State Auditor or other independent auditors, and their financial statements are issued under separate covers. The audited financial statements are available from each discretely presented component unit.

State officials are also responsible for appointing the members of the boards of other organizations, but the primary government's accountability for these organizations does not extend beyond making the appointments. These organizations are Mississippi Hospital Equipment and Facilities Authority, Mississippi Home Corporation and Mississippi Industries for the Blind.

- C. Fund Accounting** - The financial activities of the state are recorded in individual funds and account groups used to report financial position and results of operations. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts, segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations. An account group is a financial reporting device designated to provide accountability for certain assets and liabilities that are not recorded in funds because they do not directly affect net expendable available financial resources. Account groups are presented for general fixed assets and general long-term obligations.

Funds reported for the primary government and its component units are classified into four categories: governmental, proprietary, fiduciary and university. Each category is further divided into separate "fund types."

In the primary government's financial statements, each category is divided into separate "fund types", which are described along with the two account groups, as follows:

GOVERNMENTAL FUND TYPES

Governmental funds are used to account for all or most of a government's general activities, including collection and disbursement of earmarked monies (special revenue funds), acquisition or construction of general fixed assets (capital



projects funds), and servicing of general long-term debt (debt service funds). The General Fund is used to account for all general government activities not accounted for in some other fund. Governmental fund types include:

General - Transactions related to resources obtained and used for those services traditionally provided by a state government, which are not required to be accounted for in other funds, are accounted for in the General Fund. These services include, among others, general government, education (other than institutions of higher learning), health and social services, public safety, recreation and resources, and transportation. Certain resources obtained from federal grants and used to support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements.

Special Revenue - Transactions related to resources obtained from specific revenue sources (other than for expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes are accounted for in special revenue funds. Special revenue funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions, and other resources restricted as to purpose.

Debt Service - Transactions related to resources obtained and accumulated to pay interest and principal on general long-term obligations (other than capital leases and compensated absences) are generally accounted for in debt service funds.

Capital Projects - Transactions related to resources obtained and used for acquisition, construction or improvement of major capital facilities are accounted for in capital projects funds. Such resources are derived principally from proceeds of general obligation bond issues and operating transfers from the General Fund.

PROPRIETARY FUND TYPES

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). Proprietary fund types include:

Enterprise - Enterprise funds account for operations where the intent of the state is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where periodic measurement of the results of operations is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service - Internal service funds account for the operations of state agencies which render services and provide goods to other state agencies or governmental units on a cost-reimbursement basis.

FIDUCIARY FUND TYPES

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent. Fiduciary fund types include:

Expendable Trust - Expendable trust funds account for assets held by the state in a trustee capacity where the principal and income may be expended in the course of designated operations.

Nonexpendable Trust - Nonexpendable trust funds account for assets held by the state in a trustee capacity where only income derived from trust principal may be expended in the course of designated operations. Principal must be preserved intact.

Pension Trust - Pension trust funds account for transactions, assets, liabilities and net assets available for plan benefits of the state's public employee retirement systems.

Agency - Agency funds account for various taxes, deposits, and property collected or held by the state, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

ACCOUNT GROUPS

Account groups are accounting entities used to establish control over and accountability for the state's general fixed assets and the unmatured principal of its general long-term obligations. Two account groups are used.



General Fixed Assets - The general fixed assets account group accounts for all fixed assets acquired or constructed for use by the state, other than those accounted for in the proprietary, fiduciary and similar trust funds, and discretely presented component units.

General Long-Term Obligations - The general long-term obligations account group accounts for general obligation bonds, limited obligation bonds, compensated absences and other long-term obligations not recorded in proprietary, fiduciary and similar trust funds, and discretely presented component units.

DISCRETELY PRESENTED COMPONENT UNITS

The discretely presented component units include governmental, proprietary and university fund type organizations that are legally separate from the state but are considered part of the reporting entity. Fixed assets and long-term debt for component units are included in the discrete column of the combined balance sheet.

University funds account for the operations of state universities in accordance with existing authoritative accounting and reporting principles applicable to universities. Accordingly, university funds are an aggregation of the following funds:

Current - Current funds account for resources that will be expended for operating purposes. These include unrestricted funds over which university governing boards retain full control in achieving institutional purposes and restricted funds which may be utilized only for purposes designated by a donor or other external organization.

Loan - Loan funds account for transactions of related resources obtained and used for loans to students, staff and faculty.

Endowment - Endowment funds account for resources held by the institutions that must be administered in accordance with trust agreements.

Plant - Plant funds account for resources available for acquisition, renewal and replacement of institutional properties, resources available to service debt incurred to acquire such properties, and the fixed assets acquired or constructed for use by the institutions.

Unexpended - This subgroup is used to account for the unexpended resources derived from various sources to finance the acquisition of university fixed assets and the associated liabilities.

Renewals and Replacements - This subgroup is used to provide for the renewal and replacement of plant fund assets as distinguished from additions and improvements to plant.

Retirement of Indebtedness - This subgroup is used to account for the accumulation of resources for interest and principal payments and other debt service charges, including contributions for sinking funds, relating to plant fund indebtedness.

Investment in Plant - Except for long-lived assets held as investments in endowment and similar funds and their associated liabilities, this subgroup includes all long-lived assets in the service of the institution and all construction in progress (unless carried in the Unexpended Plant Fund or Fund for Renewals and Replacements subgroup until completion of the project), as well as all associated liabilities.

Agency - Agency funds account for amounts held in custody for students, university-related organizations, and others.

- D. Basis of Accounting/Measurement Focus** - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus, as described below.

Governmental Fund Types and Expendable Trust and Agency Funds - All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when measurable and available to finance operations of the current fiscal year. Available means collected in the current year or soon enough after year end to liquidate liabilities existing at the end of the year. Significant revenue sources that are susceptible to accrual include sales taxes, individual income taxes, corporate



income taxes and federal grants. Licenses, fees, permits and other miscellaneous revenues are recognized when received since they normally are measurable only at that time. Expenditures and related fund liabilities are recognized upon receipt of goods and services.

Modifications to the accrual basis of accounting include: principal and interest on long-term debt reflected in the general long-term obligations account group are recorded as fund liabilities when due; inventories of materials and supplies are recorded as expenditures at acquisition; obligations for employee personal leave and major medical leave are recorded as expenditures when paid.

Proprietary Fund Types and Nonexpendable and Pension Trust Funds - All proprietary funds, nonexpendable trust funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components for proprietary funds, fund balance for nonexpendable trust and net assets for pension trust funds. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The accrual basis of accounting is utilized by proprietary fund types, nonexpendable trust funds and pension trust funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. For pension trust funds, employee and employer contributions are recognized as revenue in the period in which employee services are performed. Investment income is recognized when earned. Expenses, including benefits and refunds paid, are recognized when incurred.

The state's proprietary and pension trust funds apply all applicable GASB pronouncements and only the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

University Funds - The accounts of the university funds in the discretely presented component unit column are reported using the accrual basis of accounting with the following exceptions: depreciation related to plant fund assets is not recorded and revenues and expenditures of an academic term encompassing more than one fiscal year are reported solely in the fiscal year in which the program is predominantly conducted.

- E. Budgetary Accounting** - The state's annual budget is prepared principally on the cash basis utilizing encumbrance accounting. Encumbrances represent executed but unperformed purchase orders. In the accompanying financial statements, encumbrances are recorded as expenditures for budgetary purposes if presented for payment in the 60-day lapse period immediately following the end of the fiscal year and as reservations of fund balance for GAAP purposes. Since the budgetary basis differs from generally accepted accounting principles, budget and actual amounts in the accompanying Combined Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP Basis) - All Budgetary Funds are presented on the budgetary basis. A reconciliation of the excess of revenues over (under) expenditures and other financing sources (uses) on a budgetary basis at June 30, 2001 to the excess of revenues over (under) expenditures/expenses and other financing sources (uses) presented in conformity with generally accepted accounting principles is set forth in Note 2.

Unexpended appropriations at June 30 are available for subsequent expenditure only to the extent that encumbrances have been established and they are presented for payment during the succeeding 60-day lapse period. Lapse period expenditures are reported as expenditures in the current-year budgetary presentation.

- F. Equity in Internal Investment Pool and Cash and Cash Equivalents** - Equity in internal investment pool is cash equity with the Treasurer and consists of pooled demand deposits and investments carried at cost, which approximates fair value. Cash and cash equivalents include bank accounts, petty cash, money market demand accounts, money market mutual funds and certificates of deposit with a maturity date within 90 days of the date acquired by the state. Collateral, as further discussed in Note 4, is pledged by the various banks and investment institutions to guarantee state funds.
- G. Investments** - Investments are recorded at fair value in accordance with GASB Statement 31 with all investment income, including changes in the fair value of investments, reported as revenue in the financial statements. Income from short-term interest bearing securities is recognized as earned.

Investments of the pension trust funds and Government Employees' Deferred Compensation Plan Fund (an expendable trust fund) are stated at fair value except for life insurance contracts, which are stated at cash surrender value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate bonds are valued based on yields currently available on comparable securities from issuers of similar credit ratings. Mortgage securities are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. Short-term investments are reported at fair value when published prices are available, or at cost plus accrued interest, which approximates fair value. For individual investments where no readily



ascertainable fair value exists, the Public Employees' Retirement System, in consultation with its investment advisors and custodial bank, has determined the fair values.

The Public Employees' Retirement System of Mississippi is authorized to enter into securities lending transactions. These transactions represent loans of securities to broker-dealers with a simultaneous agreement to return the collateral for the same securities in the future. The assets and liabilities arising from securities lending transactions are reflected separately under the captions Investments and Obligations under securities lending in the Statement of Plan Net Assets in the Pension Trust Fund. In accordance with authorized investment laws, the Public Employees' Retirement System also invests in various mortgage-backed securities such as collateralized mortgage obligations, interest-only strips and principal-only strips. These securities are reported at fair value and are included in the categories of U. S. Government securities and agencies and Corporate and international obligations in the Note 4 disclosure.

H. Receivables - Receivables in the governmental and fiduciary funds primarily consist of interest and federal revenues, both recorded when earned, loans, taxes that are susceptible to accrual - mainly sales and income taxes and amounts due from other governments. Proprietary fund receivables occur in the ordinary course of business. Trust and agency fund receivables include amounts collectible for investments sold and for accrued interest income as well as contributions payable to pension trust funds which are recognized as revenue in the period in which employee services are performed. The discretely presented university fund receivables include monies due from the federal government, tuition fees and accrued interest income. Receivables are reported net of allowances for uncollectible accounts where applicable.

I. Interfund Transactions - The state has the following types of interfund transactions:

Quasi-External Transactions - Charges for services rendered by one fund to another that are treated as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

Reimbursements - Reimbursements of expenditures or expenses made by one fund for another are recorded as expenditures or expenses in the reimbursing fund and as a reduction of expenditures or expenses in the reimbursed fund.

Residual Equity Transfers - Nonroutine or nonrecurring transfers between funds are reported as additions to or deductions from fund equity.

Operating Transfers - Legally authorized transfers are reported as operating transfers. Operating transfers from the General Fund are transfers of appropriated or diverted tax revenues.

The composition of the state's interfund receivables and payables is presented in Note 6.

J. Inventories - Inventories of supplies and materials are stated at cost, which approximates market, generally using the first-in, first-out method. Cost of inventories held for use in constructing highways is determined by weighted average methods. Governmental fund type inventories of supplies and materials are recorded as expenditures at acquisition. Inventories of food stamps are recorded at their face value, with a corresponding deferred revenue. Food stamp revenues and expenditures are recorded simultaneously at the time of distribution.

K. Restricted Assets - Assets from proceeds of general obligation bonds restricted for use in construction are reported in the primary government's enterprise Port Authority at Gulfport Fund. The component units' restricted assets consist primarily of assets held by the Mississippi Coast Coliseum Commission with use limited to future legislative appropriations.

L. Property, Plant and Equipment - General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are stated at cost. Donated assets are valued at estimated market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on general fixed assets.

Certain public domain (infrastructure) general fixed assets, principally highways, bridges and rights-of-way, are not capitalized, as these assets are immovable and of value only to the government. Generally, discretely presented university fund infrastructure assets such as streets, sidewalks, lighting systems and curbs are capitalized. Depreciation is not provided on general fixed assets or on university fund fixed assets.

Proprietary and fiduciary fund type property, plant and equipment, excluding land, are depreciated on the straight-line method over the estimated service lives of the respective assets ranging from 20 years for land improvements, 40 years for buildings and 3 to 15 years for machinery and equipment.

M. Risk Management - Claims Liability - The state has elected to finance exposures to risk for health and life benefits, tort liability, unemployment benefits and workers' compensation benefits through the retention of risk. The primary



government and component units participate in the internal service Risk Management Fund. A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable.

- N. Accumulated Unpaid Personal Leave and Major Medical Leave** - Mississippi law authorizes payment for a maximum of 30 days accrued personal leave in a lump sum upon termination of employment. No payment is authorized for accrued major medical leave unless employees present medical evidence that their physical condition is such that they can no longer work in a capacity of state government.

The state's obligation with respect to governmental and expendable trust funds for accumulated unpaid personal leave, up to the maximum of 30 days per employee, is reported in the accompanying general long-term obligations account group. In the university and in the proprietary and similar trust fund types, this obligation is reported as a liability in the respective funds. In the governmental funds, only the amounts that normally would be liquidated with expendable available financial resources are accrued as current-year expenditures. The state uses the last-in, first-out method of recognizing use of compensated absences.

The reported liability for accumulated unpaid personal leave applicable to all fund types includes the related fringe benefits that the state as employer is required to pay when the accrued compensated absences are liquidated.

Accumulated unpaid major medical leave is not accrued, except in university funds, because it is not probable that the compensation will be paid in a lump sum other than in the event of severe illness. However, state law authorizes university funds to make payment for a maximum of 30 days in a lump sum upon termination of employment for nine-month faculty members eligible to receive retirement benefits.

- O. Deferred Revenue** - Deferred revenues arise when a potential revenue does not meet the "available" criterion for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or for food stamps held pending distribution. In subsequent periods, when the revenue recognition criterion is met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.
- P. Tuition Benefits Payable** - Tuition benefits payable represents the current and long-term portions of the actuarially determined present value of future tuition obligations in the enterprise Prepaid Affordable College Tuition Fund.
- Q. Fund Equity** - The equity section of the governmental fund balance sheet is comprised of three major fund balance elements: reserved; unreserved, designated; and unreserved, undesignated. The two primary elements of a proprietary fund's equity are contributed capital and retained earnings.

CONTRIBUTED CAPITAL

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from entities outside the primary government.

RESERVATIONS

Reservations are for the following fund types and purposes:

Fund Types

Governmental and Fiduciary - Fund balances of governmental and fiduciary fund types that are legally restricted to a specific future use or that are not available for appropriation or expenditure are reported as reservations of fund balances.

Proprietary - Reserved retained earnings of the primary government's proprietary funds represent those portions of fund equity that are legally restricted for payment of debt service. The component units' reserved retained earnings represent the portion of fund equity reserved for certain restricted assets.

University - Fund balances of university funds that are legally restricted by outside sources to specific future use are reported as reservations of fund balances.

Purposes

Encumbrances - Represents outstanding commitments at year end that will be liquidated in the lapse period.



Inventories - Represents the portion of fund balance reserved for inventories that is not available spendable resources. Food stamps inventory is offset by deferred revenue because the revenue recognition criteria have not been met.

Long-Term Portion of Loans and Notes Receivable - Represents loans and advanced funds under various programs that will be repaid over a number of years. Fund balance has been reserved in an amount equal to the balance of loans and advances receivable to indicate that it is not available resources for appropriation.

Long-Term Portion of Due From Other Governments - Represents loans to local governments that will be repaid over a number of years. Fund balance has been reserved in an amount equal to the balance of loans receivable to indicate that it is not available resources for appropriation.

Pension Benefits - Represents the portion of fund balance that will be used to provide future retirement benefits to members of the various public employee retirement systems.

Other - Consists principally of unemployment compensation and deferred compensation benefits and administrative expenses. University activities reported in the discretely presented component unit column include loans to students, research projects and endowments.

DESIGNATIONS

Designations of unreserved fund balances are established to reflect tentative plans for future utilization of current financial resources. Designations are established for the following categories:

Debt Service - Amounts anticipated to pay future debt service requirements.

Capital Projects and Road and Highway Construction - Amounts anticipated to be utilized for the construction of state facilities, highways and roads.

Special Treasury Accounts - Special treasury accounts classified within the GAAP General Fund are shown in this designation, because the funds are not available for appropriation by the state legislature unless enabling legislation is approved. The fund balance of the Working Cash-Stabilization Reserve Account is also recorded as designated for other specific purposes.

The Working Cash-Stabilization Reserve Account – The Budget Reform Act of 1992 created the Working Cash-Stabilization Reserve Account into which was deposited 100 percent of the unencumbered General Fund cash balance at the close of each fiscal year until the balance reached \$40,000,000. Thereafter, 50 percent of the unencumbered General Fund cash balance at the close of each fiscal year shall be deposited into the account until the account reaches 7.5 percent of General Fund appropriations of the fiscal year.

The Working Cash-Stabilization Reserve Account in excess of \$40,000,000 may be used to cover unforeseen deficits in revenues that may occur in the General Fund. If the governor determines that a deficit in revenues from all sources may occur, a maximum of \$50,000,000 may be transferred to the General Fund in any one fiscal year. The amount so applied shall be restored to the Working Cash-Stabilization Reserve Account out of 50 percent of future annual General Fund surpluses until the 7.5 percent maximum is again attained. This account may also be used to pay state obligations as they become due when cash flow deficiencies occur. Sums used for this purpose must be reimbursed from General Fund revenues collected during the fiscal year in which such funds are used. As required by law, the Working Cash-Stabilization Reserve Account is not considered as a surplus or available funds when adopting a balanced budget.

Health Care - State law created the Health Care Fund to account for monies received from the settlement of a lawsuit against tobacco companies by the state. The principal and income derived from investment of the monies are to be expended exclusively for health care purposes.

- R. Federal Grants** - Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.
- S. Bond Premiums/Discounts** - In governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond proceeds are reported as an other financing source, net of the applicable premium or discount. Issuance cost, even if withheld from the actual net proceeds received, are reported as debt service expenditures. In proprietary fund types, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.



- T. Total (Memorandum Only) Columns** - "Total (Memorandum Only)" columns have been added to certain statements to reflect totals for both the primary government and the reporting entity. They are presented for information only and do not represent consolidated financial information.
- U. Future Changes in Accounting Standards** - The Governmental Accounting Standards Board has issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and Statement No. 38, *Certain Financial Statement Note Disclosures*. These Statements establish that the basic financial statements and required supplementary information for general purpose governments should consist of management's discussion and analysis; basic financial statements, including government-wide financial statements, fund financial statements and notes to the financial statements; and required supplementary information. These Statements enhance the usefulness of state and local governments' financial statements, as well as, provide users with new information. The state is in the process of assessing the impact of these Statements and will implement them for the fiscal year beginning July 1, 2001.

Note 2 - Budgetary Process, Control and Reconciliation to GAAP

Mississippi state law requires both the governor and the Legislative Budget Office to prepare and submit to the legislature at the beginning of each annual session an overall balanced budget for budgeted activities and functions in the ensuing fiscal year. Budgeted expenditures may not exceed the aggregate of 98 percent of estimated revenues plus funds expected to be on hand at the beginning of the year. The legislature compares these budgets, makes any revisions it deems necessary or appropriate, and legally enacts an annual state budget through passage of specific departmental appropriation bills by activity or function for the general and special funds and by major expenditure classification for all funds in total but not for individual funds, the sum of which should not exceed estimated amounts available and projected revenues for those activities and functions. The governor has the power to approve or veto each line item appropriation; however, vetoes are subject to legislative override.

The state has established three budgetary fund groups to account for its budgetary activities and functions:

General - accounts established to receive and distribute general tax revenues and other general revenues and interest generated thereon.

Education Enhancement - accounts established to receive specific tax revenues to support various educational programs.

Special - accounts established to receive federal grants, fees, proceeds from the sale of goods and services, taxes levied for specific purposes and interest generated thereon, and to support the functional activities of the agencies that generate such revenues.

The budget covers most governmental funds included in the state reporting entity but excludes certain distributive accounts, debt service funds, endowment funds, research funds from other than state appropriations, and private gifts to designated agencies or for designated purposes which are not subject to appropriation pursuant to state law. Certain accounts recommended by the Department of Finance and Administration as not being subject to appropriation are also excluded. Certain accounts held outside the treasury are similarly not budgeted. The budget does include certain proprietary funds and the administrative costs of operating the Public Employees' Retirement System of Mississippi.

The Department of Finance and Administration monitors agency budget compliance through an allotment process. For the General Fund, allotments are established at or below the level of appropriation for each budgetary activity or function. For the special fund, allotments may be established in excess of the original appropriation if revenues from federal funding sources exceed original estimates. To provide sufficient funding for several programs during the fiscal year, supplemental appropriations of \$100,167,000 were approved by the legislature. Budget allotments were increased to reflect these supplemental appropriations.

If, at the end of October or any month thereafter of any fiscal year, General Fund revenues collected for the fiscal year fall below 98 percent of the estimate adopted by the Legislative Budget Office at the date of sine die adjournment, the Department of Finance and Administration is required by statute to reduce allotments of appropriations to general fund agencies by the amount necessary to keep expenditures within the actual General Fund receipts for the fiscal year. No agency's allotment may be reduced by more than 5 percent unless allotments to all general fund agencies have been reduced by 5 percent. Any required reductions in excess of 5 percent must consist of a uniform percentage reduction to all general fund agencies.

During fiscal year 2001, General Fund revenue collections fell short of estimated revenues. Therefore, budget reductions totaling \$106,868,000 for the General Fund and \$12,295,000 for special funds were mandated by the Governor. In addition, the Governor authorized \$50,000,000 to be transferred from the Working Cash-Stabilization Reserve Account to the General Fund to cover deficits in revenues. Also, during the 2001 session, the Legislature authorized an additional transfer of \$35,000,000 from the Working Cash-Stabilization Reserve Account to cover 2001 expenditures. The Working Cash-Stabilization Reserve Account balance at June 30, 2001 was \$179,633,000.



State agencies are responsible for exercising budgetary control and ensuring that allotments are not overspent, subject to Department of Finance and Administration review. The legal level of budgetary control is at the agency level by activity or function as well as by major expenditure classification (e.g., personal services, contractual services, commodities) if a major expenditure budget was established by approved appropriation bills. For those appropriations that are not delineated as to major expenditure classification, the lowest level of budgetary control is activity or function. Agencies are authorized to transfer appropriated amounts between major expenditure classifications not to exceed 10 percent, except that the amount budgeted for salaries cannot be changed and the amount budgeted for capital outlay - equipment cannot be increased. In addition, special fund expenditures cannot exceed the amount of cash in the fund at any time.

Budgeted General Fund revenues in the accompanying Combined Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP Basis) - All Budgetary Funds represent the General Fund revenue estimate adopted by the Legislative Budget Office at the date of sine die adjournment. Special fund revenue estimates include anticipated revenues during the year and the amount of beginning cash balances on hand at the beginning of the year which are anticipated to be expended for special fund purposes.

Because of the complexity of the state's budget, a separate Annual Report of Budgetary Basis Expenditures has been prepared to present budget to actual comparisons. This budgetary report is available at the Department of Finance and Administration.

The Combined Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP Basis) - All Budgetary Funds presents comparisons of the legally adopted budget with actual data on a budgetary basis. There are no budgeted accounts within the debt service, nonexpendable trust and agency funds. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP (see Note 1E), a reconciliation of resulting basis, timing, perspective and entity differences in the excess of revenues over (under) expenditures/expenses and other financing sources (uses) between budgetary and GAAP presentations for the year ended June 30, 2001 is presented below (amounts expressed in thousands):

	Budgetary Funds				
	General	Education Enhancement	Special	General	Special Revenue
Excess of Revenues Over Expenditures and Other Financing Sources (Uses) – Budgetary Funds Budgetary Method	\$ (18,058)	\$ (38,109)	\$ 71,851	\$	
Entity and Perspective Differences:					
Reclassification of budgetary funds to GAAP financial statement fund types	18,058	38,109	(71,851)	7,637	8,097
Add non-budgeted funds				(112,019)	118,249
Basis Differences:					
Net accrued revenues, related receivables and deferred revenues				822,617	(4,378)
Net accrued expenditures/expenses and related liabilities				(931,192)	(6,195)
Timing Differences:					
Lapse period revenues which were not treated as assets				(389,389)	(12,225)
Lapse period expenditures/expenses which were not treated as liabilities				496,229	12,661
Excess of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)/and Other Changes in Equity – GAAP Fund Types – GAAP Basis	\$ 0	\$ 0	\$ 0	(106,117)	116,209



Financial Statement Fund Types

Capital Projects	Expendable Trust	Enterprise	Internal Service	Pension Trust	Component Unit University
\$	\$	\$	\$	\$	\$
1,317	100	1,631	1,209	(142)	(4,165)
61,460	(6,367)	16,833	13,141	(61,856)	
(3,963)	781	(18,453)	642	(376,479)	1,748,238
4,828	(16)	4,968	(6,146)	(887,536)	(1,461,968)
(949)		(261)	(2,152)	(5)	(10,741)
		1,520	2,612	342	11,530
\$ 62,693	\$ (5,502)	\$ 6,238	\$ 9,306	\$ (1,325,676)	\$ 282,894



Note 3 - Other Accounting Disclosures

- A. Retained Earnings Deficits** - At June 30, 2001, the Prepaid Affordable College Tuition Fund, an enterprise fund, has a deficit retained earnings of \$16,262,000. The deficit is a result of actuarial accruals of benefits exceeding tuition receipts and the recognition of other fund expenses in excess of fund revenues. Within the Risk Management Fund (an internal service fund), the state and school employees' life and health insurance account and the tort claims account have deficit retained earnings of \$26,523,000 and \$2,379,000, respectively. The other risk management accounts have positive retained earnings of \$8,454,000, creating a net deficit retained earnings of \$20,448,000 in the Risk Management Fund. These deficits are the result of actuarial accruals of claims exceeding revenues from previous fiscal years.
- B. Residual Equity Transfers** - During fiscal year 2001, special revenue funds transferred \$2,011,000 and enterprise funds transferred \$563,000 to the General Fund.
- C. Contributed Capital** - The changes in the state's contributed capital accounts for the enterprise funds for fiscal year 2001 were as follows (amounts expressed in thousands):

Beginning balance, contributed capital at June 30, 2000, as previously reported	\$ 36,268
Contributions/fixed assets	39
Depreciation on contributed assets	(435)
Ending balance, contributed capital	<u>\$ 35,872</u>

- D. Restatements of Fund Equity** - During fiscal year 2001, the threshold for capitalization was increased from \$500 for all property, plant and equipment to \$5,000 for machinery and equipment; \$25,000 for land improvements; and \$50,000 for buildings. In addition, uniform useful lives for depreciation purposes have been established for the state which may differ from those used in prior years. The June 30, 2000 balances were restated to reflect these changes in accounting policies. Fund equity has also been restated for prior period adjustments. The restatements of fund equity are summarized as follows (amounts expressed in thousands):

	Enterprise	Internal Service	Pension Trust	General Fixed Assets	Component Units
Fund Equity at June 30, 2000, as previously reported	\$ 200,441	\$ (16,218)	\$ 16,774,378	\$ 1,976,115	\$ 2,305,063
Change in accounting policy	9,488	(3,946)	(679)	(258,554)	
Prior period adjustments	7,829	60	(16)	(43,796)	9,029
Fund Equity at June 30, 2000, as restated	<u>\$ 217,758</u>	<u>\$ (20,104)</u>	<u>\$ 16,773,683</u>	<u>\$ 1,673,765</u>	<u>\$ 2,314,092</u>



E. **Fund Equity** – Fund balances reserved and fund balances unreserved, designated are explained as follows (amounts expressed in thousands):

	Governmental Fund Types				Fiduciary Fund Types	Total		Total Reporting Entity
	General	Special Revenue	Debt Service	Capital Projects		Primary Government	Component Units	
Fund balances reserved:								
Encumbrances	\$ 42,663	\$ 6,199	\$	\$	\$	48,862	\$ 52,834	\$ 101,696
Inventories	37,391	1,422				38,813		38,813
Long-term portion of loans and notes receivable	172,048	633			13	172,694		172,694
Long-term portion of due from other governments	336,391	9,690				346,081		346,081
Unemployment compensation					727,702	727,702		727,702
Capital improvements							428	428
Deferred compensation benefits and administrative expenses					606,418	606,418		606,418
Educational and vocational training					36,600	36,600		36,600
Higher education					865	865		865
University funds loans to students							104,674	104,674
University funds research projects							28,544	28,544
University funds endowments							121,839	121,839
Memorial Burn Center and other					1,006	1,006		1,006
University funds temporarily restricted funds							1,361	1,361
University funds continuing education							282	282
Land management							65	65
Distribution to local governments	12,666					12,666		12,666
Wildlife conservation					5,198	5,198		5,198
Employees' pension benefits					15,448,007	15,448,007		15,448,007
Ayers endowment trust	15,000					15,000		15,000
Ellisville State School		2,025				2,025		2,025
Lower Pearl project							2,171	2,171
University funds bad debts							2,437	2,437
Total fund balances, reserved	\$ 616,159	\$ 19,969	\$ 0	\$ 0	\$ 16,825,809	\$ 17,461,937	\$ 314,635	\$ 17,776,572
Fund balances unreserved, designated:								
Debt service	\$ 78,563		\$ 33,872	\$ 4,289	\$	116,724	\$ 62,886	\$ 179,610
Education	4,360					4,360		4,360
Road and highway construction	415,601					415,601		415,601
Future capital projects				393,424		393,424	130,314	523,738
Working cash stabilization reserve	179,633					179,633		179,633
Special treasury accounts	431,260					431,260		431,260
Future loans	57,324	3,227				60,551		60,551
Energy programs		5,761				5,761		5,761
Port improvements	6,573					6,573		6,573
Health care		620,908				620,908		620,908
Total fund balances unreserved, designated	\$ 1,173,314	\$ 629,896	\$ 33,872	\$ 397,713	\$ 0	\$ 2,234,795	\$ 193,200	\$ 2,427,995

Retained earnings, reserved is explained as follows (amounts expressed in thousands):

	Enterprise	Component Units	Total Reporting Entity
Retained earnings, reserved for:			
Bond Retirement	\$ 455	\$	\$ 455
Commission trust fund		7,000	7,000
Total retained earnings, reserved	\$ 455	\$ 7,000	\$ 7,455



Note 4 - Deposits and Investments

Investment Policies

The state treasurer maintains a cash and short-term investment pool for all state general and special treasury funds and for investments of certain other state agencies. In addition, the Public Employees' Retirement System (the System), and a small number of other agencies carry out investment activities separate from the state treasurer. A discussion of statutory authority for these investments follows.

The state treasurer is authorized to invest in certificates of deposit or term repurchase agreements with approved financial institutions, banks and savings associations domiciled in Mississippi which are reflected as deposits or investments in the accompanying financial statements. Financial institutions make annual application to the state treasurer for state funds by signing a contract and supplying their financial report as provided to their regulatory authority to assure the statutory required 5 ½ percent primary capital to total assets ratio. Depositories are required to collateralize at least 105 percent of the amount of funds held on deposit in certificates of deposit that are in excess of the \$100,000 FDIC limit. Substitution based on par is allowed for some collateral securities. The state treasurer is also authorized to invest in repurchase agreements and securities lending transactions (with at least 80 percent of the total dollar amount with qualified state depositories), direct United States Treasury obligations, United States Government instrumentalities, United States Government agency obligations and any open-end or closed-end management type investment company or investment trust registered under the provisions of 15 U.S.C. Section 80(a)-1 et seq., provided that the portfolio is limited to direct obligations issued by the United States (or its agencies, instrumentalities or sponsored enterprises) and to repurchase agreements fully collateralized by direct obligations of the United States (or its agencies, instrumentalities or sponsored enterprises).

The state treasurer invests in collateralized mortgage obligations issued by United States Government agencies in order to maximize yield on the state's funds. These securities are based on cash flows from principal payments on underlying mortgages, therefore, they are sensitive to prepayments by mortgagors. In essence, as principal payments are made, cash is received, and the par value of the securities is reduced.

Funds in the Working Cash-Stabilization Reserve Account and the Education Improvement Trust Account are invested by the state treasurer as authorized by Sections 27-103-203 and 7-9-103, respectively, Mississippi Code Ann. (1972). As a result of the settlement of the State of Mississippi's lawsuit against tobacco companies, House Bill 519 General Laws of the 1999 Legislative Session created the Health Care Trust Fund Board (the Board) and named the state treasurer as chairman. The Board is authorized to invest funds in the Health Care Trust Account under Section 43-13-409, Mississippi Code Ann. (1972). The Public Employees' Retirement System (the System) is authorized to invest funds under Section 25-11-121, Mississippi Code Ann. (1972). The state treasurer, for the Working Cash-Stabilization Reserve Account and the Education Improvement Trust Account; the Board; and the System are authorized to invest in the following:

- Bonds, notes, certificates and other valid general obligations of the state of Mississippi, or of any county, city, or supervisor's district of any county of the state of Mississippi;

- School district bonds of the state of Mississippi;

- Notes or certificates of indebtedness issued by the Veterans' Home Purchase Board of Mississippi;

- Highway bonds of the state of Mississippi;

- Corporate bonds of Grade A or better as rated by Standard & Poor's Corporation or by Moody's Investors Service. The Board and the System may invest in corporate bonds of Grade BBB/Baa or better as rated by Standard & Poor's Corporation or by Moody's Investors Service.

- Short-term obligations of corporations, or of wholly-owned subsidiaries of corporations, whose short-term obligations are rated A3 or better by Standard & Poor's Corporation or rated P-3 or better by Moody's Investors Service. The Board of Trustees of the System has established a policy which further limits investments of this type to only those corporations whose short-term obligations are rated A-2 or P-2 by Standard & Poor's Corporation or Moody's Investors Service, respectively;

- Bonds of the Tennessee Valley Authority;

- Bonds, notes, certificates and other valid obligations of the United States or any federal instrumentality that issues securities under authority of an act of Congress and are exempt from registration with the Securities and Exchange Commission;

- Bonds, notes, debentures and other securities issued by any federal instrumentality and fully guaranteed by the United States;



Interest-bearing bonds or notes which are general obligations of any other state in the United States or any city or county therein, provided such city or county had a population as shown by the federal census next preceding such investment of not less than 25,000 inhabitants, and provided that such state, city, or county has not defaulted for a period longer than 30 days in the payment of principal or interest on any of its general obligation indebtedness during a period of ten calendar years immediately preceding such investment;

In addition, the Board and the System are authorized to invest in the following:

Bonds rated A or better, stocks and convertible securities of established foreign companies which are listed on primary national stock exchanges of foreign nations and foreign government securities rated A or better by a recognized rating agency. The Board and the System are authorized to hedge such transactions through foreign banks and generally deal in foreign exchange through the use of foreign currency, interbank forward contracts, futures contracts, options contracts, swaps and other related derivative instruments;

Shares of stock, common and/or preferred, of corporations created by or existing under the laws of the United States or any state, district or territory thereof;

Covered call and put options on securities traded on one or more of the regulated exchanges;

Pooled or commingled funds managed by a corporate trustee or by a Securities and Exchange Commission registered investment advisory firm and shares of investment companies and unit investment trusts registered under the Investment Company Act of 1940, where such pooled or commingled funds or shares are comprised of common or preferred stocks, bonds, money market instruments or other authorized investments; and

Pooled or commingled real estate funds or real estate securities managed by a corporate trustee or by a Securities and Exchange Commission registered investment advisory firm retained as an investment manager by the Board and the System.

Public Employees' Retirement System - During fiscal year 2001, the System invested exclusively in asset/liability based derivatives such as interest-only strips, principal-only strips and collateralized mortgage obligations (forms of mortgage-backed securities). The System reviews fair values of all securities on a monthly basis and prices are obtained from recognized pricing sources. Derivative securities are held, in part, to maximize yields. Interest-only (IO) and principal-only (PO) strips are transactions which involve the separation of the interest and principal components of a security. Interest-only strips are based on cash flows from interest payments on the underlying mortgages. Therefore, they are sensitive to prepayments by mortgagors which may result from a decline in interest rates. For example, if interest rates decline and homeowners refinance mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced and the value of these securities declines. Likewise, if homeowners pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

Principal-only strips receive principal cash flows from the underlying mortgages. In periods of rising interest rates, homeowners tend to make fewer mortgage prepayments. If actual prepayment rates are lower than anticipated, the time remaining until the return of principal is increased. The later principal is paid, the lower the present value of the security. Conversely, higher prepayment rates return principal faster causing the PO to appreciate in fair value.

Collateralized mortgage obligations (CMO's) are bonds that are collateralized by whole loan mortgages, mortgage pass-through securities or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with that CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates while others are significantly sensitive to interest rate fluctuations. In a declining interest rate environment, some CMO's may be subject to a reduction in interest payments as a result of prepayments of mortgages which make up the collateral pool. Reduction in interest payments cause a decline in cash flows and, thus a decline in fair value of the CMO security. Rising interest rates may cause an increase in interest payments, thus an increase in the value of the security.

Credit risk for derivatives held by the System results from the same considerations as other counterparty risk assumed by the System, which is the risk that a borrower will be unable to meet its obligation. Section 25-11-121, Mississippi Code Ann. (1972) provides for the acquisition of derivative instruments by the System.

The Board of Trustees has authorized the System to lend its securities to broker-dealers with a simultaneous agreement to return the collateral for the same securities in the future. The System's custodian, pursuant to a written agreement, is permitted to lend all long-term securities to authorized broker-dealers subject to the receipt of acceptable collateral. There have been no significant violations of the provisions of the agreement during the period of this statement. The System lends securities for collateral in the form of either cash or other securities. The types of securities on loan at June 30, 2001, by the System are long-term U.S. Government and agency obligations and domestic and international equities. At the initiation of a loan, borrowers are required to provide collateral amounts of 102 percent (domestic equities and bonds) and 105 percent (international equities) of the fair value and accrued income of the securities lent. In the event the collateral value falls to less than 100 percent of the respective fair value of the securities lent, the borrower is required to provide additional collateral by the end of the next



business day. The contractual agreement with the System's custodian provides indemnification in the event the borrower fails to return the securities lent or fails to pay the System income distributions by the securities' issuers while the securities are on loan. The System cannot pledge, lend, or sell securities received as collateral unless the borrower defaults.

The maturities of the investments made with cash collateral generally do not match the maturities of the securities lent. All securities on loan can be terminated on demand by either the System or the borrower, although the average term of these loans was 95 days at June 30, 2001. Cash collateral is invested in fixed income securities such as U. S. Government and agency obligations and "AAA" asset-backed securities. Additionally, a significant portion is invested in short-term securities, such as repurchase agreements, commercial paper, and bank notes. The weighted-average term to maturity of all collateral investments at year-end was 562 days with a duration (a calculation based on timing of expected future cash flows) of 47 days.

Securities lent at year-end for cash collateral are presented as unclassified in the following schedule of custodial credit risk; securities lent for non-cash collateral are classified according to the credit risk category for the collateral. The investments purchased with the cash collateral are presented in category 3 since the custodian, as agent, is the counterparty in acquiring these securities in a separate account for the System.

At year-end, the System had no credit risk exposure to borrowers because the amount the System owed the borrowers exceeded the amount the borrowers owed the System. At June 30, 2001, the aggregate cost of securities lending holdings, including accrued interest was \$1,730,423,000 (fair value of \$1,735,999,000) and the aggregate fair value, including accrued interest, of the underlying securities lent was \$1,676,002,000. The value of the collateral pledged by borrowers at year end was \$1,732,336,000.

All of the investment assets of the Mississippi Highway Safety Patrol Retirement System (MHSPRS), the Municipal Retirement Systems (MRS) and the Supplemental Legislative Retirement Plan (SLRP) are combined with those of the Public Employees' Retirement System (PERS) and invested in short-term, fixed income securities and equity securities. These investments are accounted for as part of the PERS pension trust fund. MHSPRS, MRS and SLRP have an equitable interest in the PERS fund based upon amounts contributed and earnings allocated. Individual investments in the PERS fund are not specifically allocated to MHSPRS, MRS and SLRP. However, a prorata share of total securities lending collateral investments is allocated. The System has no investments (other than those issued or guaranteed by the United States Government or its instrumentalities) in any one organization that represent 5 percent or more of the System's plan net assets.

Section 25-11-121, Mississippi Code Ann. (1972), requires the System's Board of Trustees to determine the degree of collateralization necessary for both foreign and domestic demand deposits in addition to that which is guaranteed by Federal insurance programs. These statutes also require that, where possible, the types of collateral securing deposits are limited to securities in which the System itself may invest. The Board of Trustees has established a policy to require collateral equal to 100 percent of the amount on deposit in excess of that which is guaranteed by federal insurance programs to the credit of the System for domestic demand deposit accounts. No collateral is required for foreign demand deposit accounts.

Deposits

The carrying amount of the primary government's total cash deposits as of June 30, 2001, was \$848,459,000 and the corresponding bank balances, which are represented by collected funds, were \$876,734,000. The portion of such bank balances covered by federal depository insurance or by collateral held by the primary government's agent in the name of the primary government was \$495,818,000. In addition, \$380,758,000 was collateralized with securities held by a pledging financial institution's agent in the primary government's name. The remaining \$158,000 was collateralized with securities held by a pledging financial institution or was uninsured and uncollateralized.

The carrying amount of the component units' total cash deposits as of June 30, 2001, was \$267,624,000, and the corresponding bank balances, which are represented by collected funds, were \$298,644,000. Of the bank balance, \$77,358,000 was fully insured or collateralized with securities held by the respective component unit or its agent in the name of the component unit. In addition, \$11,719,000 was collateralized with securities held by a pledging financial institution's trust department in the component unit's name, \$133,749,000 was collateralized with securities held by a pledging financial institution's agent in the component unit's name, while \$75,818,000 was collateralized with securities held by a pledging financial institution or was uninsured and uncollateralized.

Investments

The following tables present the fair value of investments by type and categorizes the fair value as follows:

- category 1 are those that are insured or registered, or securities held by the state or its agent in the state's name;
- category 2 are those that are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the state's name;
- category 3 are those that are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the state's name.



At June 30, 2001, the primary government's investments consisted of (amounts expressed in thousands):

	Category			Fair Value
	1	2	3	
Investments:				
Commercial paper	\$ 29,730	\$	\$ 804,568	\$ 834,298
Repurchase agreements	463,492	589,802	179,589	1,232,883
U. S. Government securities and agencies	3,168,477	46,586	70,869	3,285,932
International currency	28,026			28,026
Mortgage and asset backed securities	5,280			5,280
Corporate and international obligations	2,297,797	12,022	675,388	2,985,207
Corporate and international equities	9,739,144			9,739,144
Municipal obligations	56,855			56,855
	<u>\$ 15,788,801</u>	<u>\$ 648,410</u>	<u>\$ 1,730,414</u>	<u>\$ 18,167,625</u>
Investments in mutual funds				70,976
Investments held by broker - dealers under securities loans with cash collateral:				
U. S. Government securities and agencies				1,013,561
Equity securities				271,205
International equity securities				369,080
International group equity trust				134,077
Deferred compensation plan pooled investments:				
Fixed and variable investments				327,049
Balanced asset fund				24,003
Fixed income fund				13,964
Life insurance contracts				671
International equity fund				105,250
Mutual funds				10,954
Total Investments				<u>\$ 20,508,415</u>

In addition to the deposits and investments described above, the primary government had approximately \$696,234,000 on deposit with the United States Government. These funds represent unemployment insurance taxes collected from Mississippi employers that are held by the U.S. Treasury.

At June 30, 2001, the component units' investments consisted of (amounts expressed in thousands):

	Category			Fair Value
	1	2	3	
Investments:				
Repurchase agreements	\$	\$ 7,055	\$ 23,526	\$ 30,581
U. S. Government securities and agencies	10,247	89,390	75,929	175,566
Corporate obligations		12,493		12,493
Corporate equities	300	8,329	25,664	34,293
	<u>\$ 10,547</u>	<u>\$ 117,267</u>	<u>\$ 125,119</u>	<u>\$ 252,933</u>
Investments in mutual funds				117,788
Total Investments				<u>\$ 370,721</u>



Note 5 - Receivables

At June 30, 2001, net receivables by fund type consisted of (amounts expressed in thousands):

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	Total Primary Government	Component Units
Taxes receivable:									
Sales	\$ 205,158		\$	\$	\$	\$	\$	205,158	\$
Income	108,026							108,026	
Gasoline	36,239							36,239	
Unemployment insurance							26,116	26,116	
Other	89,617							89,617	
Total taxes receivable	439,040						26,116	465,156	
Other receivables:									
Patient accounts									960,511
Tuition									43,878
Securities sold							298,742	298,742	
Interest and dividends	15,494	2,649	616	2,895	1,270	242	85,506	108,672	
Contributions							53,585	53,585	
Other	93,124	2,999			3,035	43	13,412	112,613	73,963
Total receivables	547,658	5,648	616	2,895	4,305	285	477,361	1,038,768	1,078,352
Allowance for uncollectible receivables	13,828				12		2,289	16,129	910,129
Receivables, net	\$ 533,830	\$ 5,648	\$ 616	\$ 2,895	\$ 4,293	\$ 285	\$ 475,072	\$ 1,022,639	\$ 168,223



Note 6 - Interfund Transactions

At June 30, 2001, interfund receivables and interfund payables consisted of (amounts expressed in thousands):

Fund Type/Fund	Interfund Receivables		Interfund Payables	
General	\$	\$ 19,220	\$	\$ 58,689
Special Revenue:				
Health Care			120	
Rehabilitation Services	382		153	
Disability Determination	25		73	
Employment Services	1,668		79	
Alcohol Abuse Program	314		250	
Social Services			20	
Medicaid Fraud	2			
Community Services	32			
Inmate Welfare and Training	605		183	
Public Safety Planning			261	
Emergency Management			17	
Rice and Soybean Promotion	8			
Community Development			351	
Energy Conservation			28	
Fisheries and Wildlife	5,750		355	
Parks and Recreation			1	
Other Department of Wildlife, Fisheries and Parks	139			
Department of Marine Resources	3,050		6	
Public Service Commission	4,965		13	
Workers' Compensation Commission			2	
Department of Banking and Consumer Finance			23	
Other Regulatory Agencies			12	
		16,940		1,947
Debt Service		1,327		5,528
Capital Projects		581		
Enterprise:				
Fair Commission	3		128	
Yellow Creek Inland Port Authority			2,270	
Allied Enterprises	252		1	
Office of Surplus Property	26		1	
Restaurants	28			
Commissary	529		578	
Prison Agricultural Enterprises	163			
		1,001		2,978
Internal Service:				
Personnel Board	124		39	
Information Technology Services	2,422		29	
Risk Management	644		216	
		3,190		284

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Fund Type/Fund	Interfund Receivables		Interfund Payables	
Trust and Agency:	\$	\$	\$	\$
Expendable Trust:				
Deferred Compensation Plan			2	
Unemployment Compensation	9,978		177	
Affordable College Savings			154	
		9,978		333
Nonexpendable Trust:				
Education Improvement Trust			91	
Other Nonexpendable Trust	37			
		37		91
Pension Trust:				
Public Employees' Retirement System	16			
Municipal Retirement Systems			7	
		16		7
Agency:				
Local Government Distributive	6,005		186	
Program	1,301		13,095	
Institutional	10		1,101	
		7,316		14,382
Component Units:				
Mississippi Coast Coliseum Commission	4			
Mississippi Prison Industries Corporation	106			
University:				
Unrestricted	74,749		29,717	
Restricted	10,837		40,676	
Loan	2		292	
Unexpended	5,273			
Renewals and Replacements	4,123			
Agency	434		210	
		95,528		70,895
	\$	155,134	\$	155,134

Reconciliation for interfund transactions (amounts expressed in thousands):

Due from/to other funds	\$	112,528	\$	112,528
Due from/to primary governments		32,593		7,960
Due from/to component units		7,960		32,593
Loans from/to other funds		2,053		2,053
	\$	155,134	\$	155,134



Note 7 - Loans and Notes Receivable

At June 30, 2001, loans and notes receivable by fund type, net of allowances of \$12,113,000 for uncollectible student loans and \$539,000 for energy loans, consisted of (amounts expressed in thousands):

	General Fund	Special Revenue	Enterprise	Total Primary Government	Component Unit University
Disaster loans	\$ 62	\$	\$	\$ 62	\$
Energy loan program		857		857	
Magnolia Venture Capital Fund	276			276	
Mississippi Business Investment Act loans (a)	9,338			9,338	
Mississippi Critical Teacher Shortage housing loans	193			193	
Mississippi Farm Reform Act loans (b)	68,329			68,329	
Mississippi Industries for the Blind	750			750	
Mississippi Major Economic Impact loans	207			207	
Mortgage loans (c)			115,396	115,396	
Railroad revitalization loans (d)	3,443			3,443	
Small Enterprise Development loans (e)	90,895			90,895	
Student loan program (f)					95,204
University Facilities					5,060
Water improvement loans (g)	12,572			12,572	
Loans and Notes Receivable, Net	\$ 186,065	\$ 857	\$ 115,396	\$ 302,318	\$ 100,264

- (a) Since fiscal year 1987, the state has issued Mississippi Business Investment Act (MBI) bonds. The purpose of the bonds is, in part, to provide loans to Mississippi businesses for economic development.
- (b) Since fiscal year 1991, the state has issued Mississippi Farm Reform Act bonds. The proceeds of the bonds were used to fund an agribusiness enterprise loan program, a minority business enterprise loan program and an emerging crops loan interest payment program.
- (c) Mortgage loans are made by the Veterans' Home Purchase Board to eligible Mississippi veterans primarily for the purchase of residential housing.
- (d) In fiscal year 1992, the state established the Railroad Revitalization Fund loan program, administered by the Mississippi Department of Transportation. The purpose of these loans is to provide assistance to railroads and public entities mainly for the rehabilitation of railroad track infrastructure, including service lines to Mississippi industry.
- (e) Since fiscal year 1990, the state has issued Small Enterprise Development (SED) bonds. The proceeds of the bonds were used to provide loans to private companies for the acquisition, construction and equipping of manufacturing or processing facilities.
- (f) Student loans are made pursuant to student loan programs funded by the U.S. Government.
- (g) Water improvement loans are made by the Department of Health to water associations for rural water system improvements.



Note 8 - Property, Plant and Equipment

Changes in the general fixed assets account group by major classification for the year ended June 30, 2001, are presented below (amounts expressed in thousands):

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
Land	\$ 89,820	\$ 79,150	\$ 1,048	\$ 167,922
Buildings	923,931	80,694	1,744	1,002,881
Land improvements	37,907	3,897	293	41,511
Machinery and equipment	351,506	50,670	25,748	376,428
Construction in progress	270,601	81,493	51,898	300,196
	<u>\$ 1,673,765</u>	<u>\$ 295,904</u>	<u>\$ 80,731</u>	<u>\$ 1,888,938</u>

Construction in progress is composed of (amounts expressed in thousands):

	Project Authorization	Expended To Date	Outstanding Commitment
Department of Transportation buildings	\$ 25,298	\$ 23,021	\$ 2,119
Military Department	21,954	15,021	6,933
Department of Finance and Administration	130,598	80,140	47,834
Department of Corrections	30,284	29,075	109
Department of Wildlife, Fisheries and Parks	25,751	23,991	1,723
Educational Television	10,207	3,043	2,634
Department of Mental Health	24,615	23,032	795
East Mississippi State Hospital	10,579	9,598	670
Department of Education	20,757	19,634	941
Department of Archives and History	26,694	13,579	11,685
Memorial Stadium	11,574	9,696	
Department of Health	17,168	17,104	40
Mississippi Development Authority	36,446	10,432	7,771
Library Commission	10,031	88	
Other projects less than \$10 million	42,330	22,742	12,714
	<u>\$ 444,286</u>	<u>\$ 300,196</u>	<u>\$ 95,968</u>

No further financing is required on any of the construction in progress.

At June 30, 2001, property, plant and equipment recorded in individual fund types of the primary government, net of accumulated depreciation where applicable, consisted of (amounts expressed in thousands):

	Enterprise	Internal Service	Trust and Agency
Land	\$ 12,597	\$	\$ 508
Buildings	82,811		4,196
Land improvements	43,996		25
Machinery and equipment	9,022	13,233	2,406
Construction in progress	16,506		
Total fixed assets	164,932	13,233	7,135
Accumulated depreciation, where applicable	19,841	9,304	3,441
Property, Plant and Equipment, Net	<u>\$ 145,091</u>	<u>\$ 3,929</u>	<u>\$ 3,694</u>

At June 30, 2001, property, plant and equipment recorded in the component units, net of accumulated depreciation where applicable, consisted of (amounts expressed in thousands):

	University	Other Component Units	Total Component Units
Land	\$ 44,647	\$ 28,634	\$ 73,281
Buildings	1,096,870	42,099	1,138,969
Land improvements	142,942	58,899	201,841
Machinery and equipment	560,756	28,391	589,147
Construction in progress	232,949	118	233,067
Total fixed assets	2,078,164	158,141	2,236,305
Accumulated depreciation, where applicable		28,248	28,248
Property, Plant and Equipment, Net	<u>\$ 2,078,164</u>	<u>\$ 129,893</u>	<u>\$ 2,208,057</u>



Note 9 - General Obligation and Defeased Bonds and Notes

Bond indebtedness incurred by the state of Mississippi must be authorized by legislation governing the specific programs or projects to be financed. Such legislation provides the state bond commission authority to approve and authorize the sale and issuance of bonds. The state bond commission is comprised of the governor as chairman, the state attorney general as secretary, and the state treasurer.

General obligation bonds and notes are authorized and issued primarily to provide funds for constructing and improving state-owned facilities, including ports, stadium facilities, university facilities, public schools, parks, bridges and roads. General obligation bonds and notes have also been issued to refund certain outstanding bonds of the state in advance and to provide loans to facilitate and promote further economic development in the state.

Long-Term Financing

General obligation bonds and notes are backed by the full faith, credit and taxing power of the state. Although certain general obligation debt is being retired from the resources of the enterprise funds and is therefore recorded in these funds, the state remains contingently liable for its payment. In accordance with Mississippi state law, the state serves as the guarantor for the general obligation bonds of the Greater Port of Pascagoula. The port is not considered part of the reporting entity, however, if the port's resources are insufficient to make the debt service payments on the outstanding bonds, the deficiency must be paid by the state. As of June 30, 2001, the Port of Pascagoula's outstanding general obligation bonds are \$6,170,000.

During fiscal year 2001, the state issued \$90,135,000 of general obligation refunding bonds to advance refund a portion of four issues reported in the general long-term obligations account group. The advance refunding was undertaken to reduce debt service payments over the next 13 years by \$4,051,000 and to obtain an economic gain (the difference between the present value of the debt service payments of the refunded and refunding bonds) of \$2,732,000.

In addition, the state issued \$229,980,000 of general obligation refunding bonds to advance refund a portion of eight issues reported in the general long-term obligations account group. The advance refunding was undertaken to reduce debt service payments over the next 16 years by \$10,611,000 and to obtain an economic gain (the difference between the present value of the debt service payments of the refunded and refunding bonds) of \$8,020,000. The net proceeds of the refunding issues were deposited in an irrevocable trust for the purpose of generating resources for future debt service payments of the refunded debt. Accordingly, for financial reporting purposes, the defeased bonds and related trust accounts are not included in the financial statements. At June 30, 2001, \$754,215,000 of outstanding general obligation bonds (including prior years' refundings) are considered defeased.

General obligation notes of \$100,000,000 have been issued by the state in anticipation of the issuance of bonds for the Mississippi Gaming Counties Highway Improvement Project. These notes may be redeemed only from the proceeds of permanent bonds or reissued notes. Because this short-term debt meets long-term financing criteria, it is classified in the general long-term obligations account group.

At June 30, 2001, the primary government's outstanding general obligation bonds and notes as presented in the general long-term obligations account group are (amounts expressed in thousands):

Purpose	Amount Outstanding	Interest Rates	Final Maturity Date
Enterprise Funds:			
Bonds			
Port Improvement (Gulfport)	\$ 58,150	4% - 6.5%	Sept. 2018
General Long-term Obligations Account Group:			
Bonds			
Mississippi Development Bank	3,075	4.2% - 4.5%	Nov. 2004
Archusa Water Park	420	5%	Aug. 2008
Community and Jr. College Telecommunications Network	9,840	5% - 5.25%	Aug. 2008
Port Improvement	16,760	5%	Aug. 2008
Tech Prep	43,920	5% - 5.5%	Aug. 2008
Magnolia Venture Capital	14,305	7.375% - 8%	Aug. 2009
Mississippi Home Corporation Act	4,405	7.875% - 8.1%	Oct. 2009

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Purpose	Amount Outstanding	Interest Rates	Final Maturity Date
Spillway Road Act	\$ 4,950	5.75% - 6.25%	Feb. 2011
Stennis Space Center	36,070	5.75% - 6.25%	Feb. 2011
Economic Development Highway Act	73,890	5.375% - 8.1%	Sept. 2013
Mississippi Small Enterprise Development Finance Act	92,502	4.15% - 7.75%	Dec. 2015
General Obligation Refunding Bonds	616,005	4.3% - 6.2%	Sept. 2016
Local Governments Rail Revolving Loan Program	4,510	7% - 8.5%	Sept. 2016
Mississippi Farm Reform Act	52,425	5.55% - 8.5%	Sept. 2016
Mississippi Major Economic Impact Act	70,080	5% - 8.5%	Sept. 2016
Local Governments Water System Improvement Revolving Loan Program	16,835	5.8% - 7.75%	May 2017
Mississippi Gaming Highway Improvement	113,080	5% - 5.25%	July 2018
Major Energy Project Development	28,450	5.6% - 6.75%	Oct. 2018
Mississippi Business Investment Act	94,040	5.55% - 8.5%	Oct. 2018
Small Business Assistance	21,325	5.55% - 7.125%	Oct. 2018
Local Governments Capital Improvements Revolving Loan Program	69,170	4.625% - 8.5%	Nov. 2019
Capital Improvement	788,765	4.25% - 7.5%	Nov. 2020
	<u>2,174,822</u>		
Notes			
Mississippi Gaming Counties Highway Improvement Project	100,000	5%	Oct. 2001
	<u>\$ 2,332,972</u>		

At June 30, 2001, future general obligation debt service requirements for the primary government are (amounts expressed in thousands):

Year Ending June 30	Principal	Interest	Total
2002	\$ 238,514	\$ 127,899	\$ 366,413
2003	140,469	115,856	256,325
2004	146,134	107,775	253,909
2005	144,564	99,323	243,887
2006	149,109	90,464	239,573
Thereafter	1,514,182	485,040	1,999,222
	<u>\$ 2,332,972</u>	<u>\$ 1,026,357</u>	<u>\$ 3,359,329</u>

Changes in general obligation bonds and notes recorded in the primary government's general long-term obligations account group during the year ended June 30, 2001, are summarized in Note 13.

Short-Term Financing

During fiscal year 2001, the state issued \$145,000,000 in short-term general obligation notes to provide financial assistance for the Nissan project in Madison County, Mississippi, and to refinance the Taxable General Obligation Notes, Series 2000. At June 30, 2001, the outstanding short-term notes were \$145,000,000. The final maturity date for these notes is March 2002 with an interest rate of 5.2 percent. Because this short-term debt does not meet long-term financing criteria, it is classified among the liabilities of the primary government's general fund.



Note 10 - Limited Obligation Bonds

Limited obligation bonds are payable exclusively from specific pledged General Fund revenues. Such obligations are not secured by the full faith, credit and taxing power of the state, and holders of such obligations are not entitled to look to other state resources for payment.

In prior years, the state defeased certain outstanding limited obligation bonds of the primary government by depositing the net proceeds of refunding bonds and additional monies from debt service funds in irrevocable trusts to be used solely for satisfying all future scheduled principal and interest payments on defeased bonds. Accordingly, for financial reporting purposes the defeased bonds and related trust accounts are not included in the financial statements. At June 30, 2001, \$93,992,000 of outstanding limited obligation bonds (including prior years' refundings) are considered defeased.

At June 30, 2001, the outstanding limited obligation bonds were \$165,535,000. The final maturity date for these bonds is June 2009, with interest rates ranging from 4.5 to 5.25 percent.

At June 30, 2001, future limited obligation debt service requirements are (amounts expressed in thousands):

Year Ending June 30	Principal	Interest	Total
2002	\$ 14,000	\$ 8,538	\$ 22,538
2003	19,145	7,908	27,053
2004	19,875	6,950	26,825
2005	20,670	5,907	26,577
2006	21,525	4,822	26,347
Thereafter	70,320	7,490	77,810
	<u>\$ 165,535</u>	<u>\$ 41,615</u>	<u>\$ 207,150</u>

Changes in limited obligation bonds during the year ended June 30, 2001 are summarized in Note 13.



Note 11 - Revenue Bonds and Notes

Revenue bonds and notes are backed by a pledge of resources derived from users of the related facilities and are not supported by the full faith and credit of the state.

At June 30, 2001, revenue bonds and notes outstanding, net of unamortized discounts and premiums are (amounts expressed in thousands):

Purpose	Amount Outstanding	Interest Rates	Final Maturity Date
Primary Government			
Enterprise:			
Mississippi Fair Commission	\$ 670	9.25% - 9.45%	Dec. 2005
Total Primary Government	<u>\$ 670</u>		
Component Units			
University:			
Alcorn State University	\$ 1,192	3.5% - 6.5%	Nov. 2002
Delta State University	4,675	3.4% - 7.25%	Dec. 2018
Jackson State University	9,456	3% - 7%	Apr. 2021
Mississippi State University	66,132	2.75% - 6.15%	Dec. 2026
Mississippi Valley State University	2,557	3% - 5.5%	Apr. 2021
University of Mississippi	71,092	3% - 8.2%	Aug. 2023
University Medical Center	68,914	3.85% - 9%	Dec. 2023
University of Southern Mississippi	24,920	3% - 6.75%	Dec. 2025
	<u>248,938</u>		
Pat Harrison Waterway District:			
Bonds	917	3% - 4%	May 2005
Notes	<u>1,851</u>	3.137% - 7%	Jan. 2018
	<u>2,768</u>		
Mississippi Coast Coliseum Commission	<u>745</u>	6%	Jan. 2007
Total Component Units	<u>\$ 252,451</u>		

At June 30, 2001, future revenue bond and note debt service requirements are (amounts expressed in thousands):

Year Ending June 30	Primary Government Enterprise			Component Units		
	Principal	Interest	Total	Principal	Interest	Total
2002	\$ 115	\$ 57	\$ 172	\$ 8,306	\$ 12,131	\$ 20,437
2003	125	46	171	10,326	11,990	22,316
2004	135	34	169	10,340	11,560	21,900
2005	145	21	166	11,302	11,240	22,542
2006	150	7	157	11,555	10,638	22,193
Thereafter				200,622	92,411	293,033
	<u>\$ 670</u>	<u>\$ 165</u>	<u>\$ 835</u>	<u>\$ 252,451</u>	<u>\$ 149,970</u>	<u>\$ 402,421</u>



Note 12 - Other Long-term Obligations

- A. **Capital Lease Commitments** - The state leases property with varying terms and options. Most leases contain a fiscal funding addendum stating that the lease shall terminate on the last day of the fiscal year if appropriated funds for the ensuing fiscal year are insufficient. However, if renewal is reasonably assured, leases requiring appropriation by the legislature are considered non-cancellable leases for financial reporting purposes.

At June 30, 2001, machinery and equipment recorded under capital leases included in the general fixed assets account group were \$13,791,000. Machinery and equipment recorded under capital leases included in enterprise funds were \$356,000 before accumulated depreciation of \$78,000. Machinery and equipment recorded under capital leases included in internal service funds were \$689,000 before accumulated depreciation of \$345,000. Buildings recorded under capital leases included in the general fixed assets account group were \$153,907,000. The discretely presented component units recorded capital leases of \$37,023,000.

At June 30, 2001, future minimum commitments under capital leases by fund type are (amounts expressed in thousands):

Year Ending June 30	Enterprise	Internal Service	General Long-term Obligations	Total Primary Government	Component Units
2002	\$ 82	\$ 332	\$ 19,282	\$ 19,696	\$ 7,538
2003	82	209	18,150	18,441	6,302
2004	82		18,968	19,050	4,019
2005	55		15,508	15,563	3,178
2006	14		15,298	15,312	1,604
Thereafter			162,365	162,365	8,055
Total Minimum Lease Payments	315	541	249,571	250,427	30,696
Less Interest	31	26	83,532	83,589	5,165
Present Value of Net Minimum Lease Payments	\$ 284	\$ 515	\$ 166,039	\$ 166,838	\$ 25,531

- B. **Compensated Absences** - The state of Mississippi's liability for compensated absences reported in the primary government's general long-term obligations account group at June 30, 2001 was \$86,055,000. The component units reported a liability of \$58,932,000 for compensated absences, of which \$58,411,000 was for the university funds. The reported liability includes related fringe benefits and excludes any obligations related to leave accumulations in excess of 30 days per employee (see Note 1-N).
- C. **Notes payable and certificates of participation** - The state of Mississippi's liabilities for notes payable and certificates of participation reported in the primary government's general long-term obligations account group at June 30, 2001 were \$9,425,000 and \$3,000,000, respectively. Notes payable were issued for financing software development and energy efficiency improvements. Certificates of participation were issued for the purchase of a building. Notes payable, issued for the renovation of a building, in the enterprise fund were \$14,000.

At June 30, 2001, future debt service requirements for notes payable and certificates of participation are (amounts expressed in thousands):

Year Ending June 30	Enterprise		General Long-term Obligations					
			Notes Payable				Certificates of Participation	
			Principal	Interest	Principal	Interest	Principal	Interest
2002	\$ 14	\$ 1	\$ 4,721	\$ 428	\$ 95	\$ 163		
2003			2,533	190	100	156		
2004			174	121	105	150		
2005			184	111	115	142		
2006			195	101	125	134		
Thereafter			1,618	398	2,460	955		
	\$ 14	\$ 1	\$ 9,425	\$ 1,349	\$ 3,000	\$ 1,700		

Changes in capital lease commitments, compensated absences, notes payable, certificates of participation and claims and judgments recorded in the primary government's general long-term obligations account group during the year ended June 30, 2001 are summarized in Note 13.



Note 13 - Changes in Long-term Obligations

Changes in long-term obligations recorded in the primary government's general long-term obligations account group for the year ended June 30, 2001 are summarized below (amounts expressed in thousands):

	Balance July 1, 2000	Additions	Reductions	Balance June 30, 2001
General Obligation Bonds and Notes (Note 9)	\$ 2,014,076	\$ 715,580	\$ 454,834	\$ 2,274,822
Limited Obligation Bonds (Note 10)	182,905		17,370	165,535
Capital Lease Obligations (Note 12)	122,434	52,652	9,047	166,039
Accrued Compensated Absences (Note 12)	86,960	54,124	55,029	86,055
Notes Payable (Note 12)	11,406	2,565	4,546	9,425
Certificates of Participation (Note 12)	3,095		95	3,000
Claims and Judgments (Note 12)	85		85	0
	<u>\$ 2,420,961</u>	<u>\$ 824,921</u>	<u>\$ 541,006</u>	<u>\$ 2,704,876</u>



Note 14 - Bonds and Notes Authorized But Unissued

At June 30, 2001, authorized but unissued bond and note indebtedness existed to be used for various purposes as summarized below (amounts expressed in thousands):

Purpose	Authorized Bonds	Authorized But Unissued
General Obligation Bonds and Notes:	\$	\$
Business Investment Act	254,750	43,923
Center for Advanced Technology Partnership	8,000	7,000
Children's Museums	4,500	2,000
Crafts Center	4,000	3,000
Cultural Development	7,000	7,000
Economic Development Highway	157,000	63,100
Farish Street Historic District Loans	6,000	6,000
Farm Reform	102,000	5,000
Gaming Counties Infrastructure	325,000	100,000
Heritage Preservation	6,250	6,250
Historical Properties	3,700	2,600
Hospitality Station (Coahoma County)	2,500	2,500
Institutions of Higher Learning Equipment	15,000	15,000
Institutions of Higher Learning Facilities	284,850	39,911
Land, Water and Timber Resources	10,000	10,000
Local Governments Capital Improvements	108,000	8,000
Local Governments Rail Program	15,000	10,000
Major Economic Impact	465,360	185,970
Master Planned Communities	23,000	23,000
National Guard Armory (Oxford)	1,650	1,650
Parks Improvement	20,925	9,097
Port Improvement (Gulfport)	80,000	35,130
Port of Gulfport Rail Line	20,000	20,000
Public Facilities Capital Improvement	362,631	168,589
Single Family Residential Housing Loan Program	5,000	5,000
Small Enterprise Development Finance	140,000	47,498
Small Municipalities and Limited Population Counties	10,000	10,000
Soil and Water Commission	8,000	5,500
Telecommunication Center	17,500	17,500
	<u>2,467,616</u>	<u>860,218</u>
Limited Obligation Bonds:		
Education Technology	60,000	60,000
Pascagoula River Bridge	30,000	30,000
State Fire Academy	2,500	300
	<u>92,500</u>	<u>90,300</u>
Revenue Bonds:		
Mississippi Fair Commission	4,000	1,525
Port of Gulfport Rail Line	20,000	20,000
Seed Laboratory	800	800
Veterans' Home Purchase Board	20,000	20,000
	<u>44,800</u>	<u>42,325</u>
	<u>\$ 2,604,916</u>	<u>\$ 992,843</u>



Note 15 - Segment Information - Enterprise Funds

Financial information by enterprise fund segment as of and for the year ended June 30, 2001 is as follows (amount expressed in thousands):

	Fair Commission (a)	Veterans' Home Purchase Board (b)	Veterans' Memorial Stadium Commission (c)
Operating revenues	\$ 3,614	\$ 7,237	\$ 993
Depreciation	495	59	175
Operating income (loss)	(938)	6,494	(191)
Operating transfers in			
Operating transfers out	(19)		
Nonoperating revenues	106	398	22
Nonoperating expenses	67		
Net income (loss)	(918)	6,892	(169)
Property, plant and equipment:			
Additions	103	30	14
Deletions			
Net working capital	338	13,983	335
Total assets	23,209	128,370	4,988
Long-term tuition benefits payable			
Long-term bonds payable	555		
Other long-term liabilities			
Total equity	22,198	127,115	4,897
	Department of Agriculture and Commerce		Department of Finance and Administration
	Farmers' Central Market Board (h)	Agriculture and Forestry Museum (i)	Office of Surplus Property (j)
Operating revenues	\$ 364	\$ 328	\$ 589
Depreciation	20	90	24
Operating income (loss)	(18)	(767)	(135)
Operating transfers in		524	
Operating transfers out			
Nonoperating revenues	26		41
Nonoperating expenses	2		7
Net income (loss)	6	(243)	(101)
Property, plant and equipment:			
Additions	26	40	29
Deletions			7
Net working capital	(1)	106	331
Total assets	831	4,785	751
Long-term tuition benefits payable			
Long-term bonds payable			
Other long-term liabilities			
Total equity	778	4,716	559

The following types of goods or services are provided by the enterprise funds:

- | | |
|---|---|
| (a) State fair and coliseum activities | (g) Prepaid affordable college tuition |
| (b) Home mortgage loans to veterans | (h) Processing, storing and marketing agricultural products |
| (c) Concessions and ticket sales to sporting events | (i) Museum tours and events |
| (d) Port facilities | (j) Federal property distribution |
| (e) Port facilities | (k) Food services |
| (f) Miscellaneous goods and services provided by handicapped citizens | (l) Groceries |
| | (m) Agricultural products and services |



		Department of Rehabilitation Services		State Treasurer			
Port Authority at Gulfport (d)	Yellow Creek Inland Port Authority (e)	Allied Enterprises (f)		Prepaid Affordable College Tuition (g)			
\$	17,620	\$	1,467	\$	10,811	\$	245
	2,519		552				
	8,773		396		(6,756)		(16,500)
	6,332				6,947		
	(55)				(1,355)		
	4,865		561		60		
	3,034		28				
	16,881		929		(1,104)		(16,500)
	19,785		3,451				
	6,303						
	26,280		5,276		4,298		1,963
	162,793		20,165		4,783		73,767
							85,305
	52,415						
			11,241				
	97,350		8,671		4,298		(16,262)

Department of Corrections

Restaurants (k)		Commissary (l)		Prison Agricultural Enterprises (m)		Total
\$	472	\$	6,646	\$	1,724	\$ 52,110
	1		20		299	4,254
	(10)		432		(1,679)	(10,899)
	2				1,908	15,713
	(5)		(495)		(18)	(1,947)
	1		8			6,088
					14	3,152
	(12)		(55)		197	5,803
			39		321	23,838
						6,310
	82		156		2,131	55,278
	116		1,395		5,386	431,339
						85,305
						52,970
					215	11,456
	86		225		4,674	259,305



Note 16 - Deferred Compensation Plan

The state offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The term "employee" means any person, whether appointed, elected or under contract, providing services for the state of Mississippi, state agencies, universities, counties, municipalities, or other political subdivisions, for which compensation is paid. The plan permits employees to defer a portion of their income until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All assets and income of the plan are held for the exclusive benefit of participants and their beneficiaries. The state has no liability for losses under the plan but does have the duty of care that would be required of an ordinary prudent investor.

At June 30, 2001, total plan assets aggregated \$606,590,000 and are reported as an expendable trust fund. Of this amount, \$156,704,000 was applicable to the primary government; \$36,110,000 was applicable to the discretely presented component units, and the remaining \$413,776,000 represents the assets of other jurisdictions participating in the plan.

Note 17 - Retirement Plans

Plan Description

A. General

In accordance with state statutes, Public Employees' Retirement System (PERS) Board of Trustees (System) administers four defined benefit plans. The defined benefit plans are the PERS, a cost-sharing multiple-employer public employee retirement system established in 1953, Mississippi Highway Safety Patrol Retirement System (MHSPRS), a single-employer public employee retirement system established in 1958, the Municipal Retirement Systems (MRS), which are agent multiple-employer defined benefit public employee retirement systems composed of 19 separate municipal retirement and fire and police disability and relief systems, and Supplemental Legislative Retirement Plan (SLRP), a single-employer public employee retirement system established in fiscal year 1990. PERS also administers the Optional Retirement Plan (ORP), a defined contribution plan, but as explained in Note 17B, that plan is not part of the state's reporting entity.

PERS, MHSPRS, MRS and SLRP are considered part of the state of Mississippi's financial reporting entity and are included in the accompanying financial statements as pension trust funds in the trust and agency fund type. The purpose of these plans is to provide pension benefits for all state employees, uniformed officers of the state highway patrol, other public employees whose employers have elected to participate, and elected members of the state legislature and the president of the senate. The System issues a Comprehensive Annual Financial Report, which includes PERS, MHSPRS, MRS and SLRP, that is available from Public Employees' Retirement System of Mississippi.

B. Membership and Benefit Provisions

Public Employees' Retirement System: Membership in PERS is a condition of employment; eligibility is granted upon hiring for all employees and officials of the state, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by the political subdivisions and instrumentalities of the state, membership is contingent upon approval of the entity's participation in the plan by the System's Board of Trustees. If approved, membership is a condition of employment and eligibility is granted upon hiring. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a refund of employee contributions plus interest.

Participating employees who retire at or after age 60 with four years of credited service or those who retire regardless of age with at least 25 years of credited service are entitled to an annual retirement allowance, payable monthly for life, in an amount equal to 1-7/8 percent of their average compensation for each year of credited service up to and including 10 years and 2 percent for each year of credited service from 10 through 25 years, plus 2 1/4 percent for each year of credited service over 25 years. Average compensation is the average of the employee's earnings during the four highest compensated years of credited service. A member may elect an option for a reduced allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of four years of credited service. PERS also provides certain death and disability benefits. Retirees and beneficiaries have the option of maintaining health and other coverage at their own expense; the state incurs no expense for postretirement health benefits. Benefit provisions are established by Section 25-11-1 et seq., Mississippi Code Annotated (1972), and may be amended only by the state legislature.

A cost-of-living payment is made to eligible retirees and beneficiaries. The cost of living adjustment is equal to the greater of (a) 3 percent of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 55, plus 3 percent compounded for each year thereafter beginning with the fiscal year in which the member turns age 55 or (b) 4 percent of the annual retirement allowance for each full fiscal year in retirement through June 30, 1998. For the year ended June 30, 2001, the total additional annual payments were \$137,144,000.



Mississippi Highway Safety Patrol Retirement System: Membership in MHSPRS is a condition of employment; eligibility is granted upon hiring for all officers of the Mississippi Highway Safety Patrol who have completed a course of instruction in an authorized highway patrol training school on general law enforcement and who serve as uniformed officers of the highway patrol in the enforcement of the traffic laws of the state of Mississippi or in the driver's license division. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a refund of employee contributions plus interest.

Participating employees who withdraw from service at or after age 55 with at least five years of credited service, or after reaching age 45 with at least 20 years of creditable service, or with 25 years of service at any age are entitled to an annual retirement allowance, payable monthly for life, in an amount equal to 2-1/2 percent of their average compensation during the four highest consecutive years of earnings reduced 3 percent for each year below age 55 or 3 percent for each year under 25 years of service, whichever is less. Benefits vest upon reaching five years of credited service. MHSPRS also provides certain death and disability benefits. Retirees and beneficiaries have the option of maintaining health and other coverage at their own expense; the state incurs no expense for postretirement health benefits. Benefit provisions for MHSPRS are established by Section 25-13-1 et seq., Mississippi Code Annotated (1972), and may be amended only by the state legislature.

Retirees and beneficiaries of MHSPRS receive an additional amount equal to 2 1/2 percent of the annual retirement allowance for each full fiscal year of retirement. The System's Board of Trustees may grant an additional percentage in increments of 1/4 percent, up to a maximum of 1 1/2 percent. For the year ended June 30, 2001, the total additional annual payments were \$4,144,000.

Municipal Retirement Systems: Membership in the two Municipal Retirement Systems and the 17 Fire and Police Disability and Relief Systems was granted to all municipal employees, firefighters, and police officers who were not already members of PERS and who were hired prior to July 1, 1976. Two fire and police plans elected to extend the eligibility period for membership to July 1, 1987. Employees hired after these periods automatically become members of PERS. MRS were fully closed to new members July 1, 1987. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a refund of employee contributions.

Participating employees who retire regardless of age with at least 20 years of credited service are entitled to an annual retirement allowance payable monthly for life, in an amount equal to 50 percent of their average monthly compensation and an additional 1.7 percent for each year of credited service over 20 years not to exceed 66-2/3 percent of average monthly compensation. Average monthly compensation for the two Municipal Retirement Systems and for the 17 Fire and Police Disability and Relief Systems is the monthly average for the last six months of service. Certain participating employers provide a minimum monthly retirement allowance. Benefits vest upon reaching 20 years of credited service. MRS also provide certain death and disability benefits. Benefit provisions are established by Sections 21-29, Articles 1, 3, 5 and 7, Mississippi Code Annotated (1972) and annual local and private legislation. Statutes may be amended only by the state legislature.

For certain employers, the retirees and beneficiaries, who on December 1 of each year have been receiving a retirement allowance for at least one full fiscal year, may be entitled to an additional payment equal to the annual percentage change in the consumer price index not to exceed 2-1/2 percent of the annual retirement allowance for each full fiscal year of retirement. These additional payments will only be made when funded by the employers. For the year ended June 30, 2001, the total additional annual payments were \$997,000.

Supplemental Legislative Retirement Plan: Membership in SLRP is composed of all elected members of the state legislature and the president of the senate. This plan is designed to supplement the provisions of PERS. Those serving when the SLRP became effective on July 1, 1989, had 30 days to waive membership. Those elected after July 1, 1989, automatically become members. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a refund of employee contributions plus interest.

The supplemental retirement allowance of an elected senator or representative of the state legislature or of the president of the senate consists of 50 percent of an amount equal to the retirement allowance determined by credited service payable by PERS. However, in no case shall the aggregate amount of an individual's retirement allowance from SLRP and PERS exceed 100 percent of the average compensation as defined by PERS. Benefits vest upon completion of four years of credited service. SLRP also provides certain death and disability benefits. Benefit provisions for SLRP are established by Section 25-11-301 et seq., Mississippi Code Annotated (1972), and may be amended only by the state legislature.

Retirees and beneficiaries of SLRP may receive additional amounts identical to PERS retirees and beneficiaries, as previously described. For the year ended June 30, 2001, the total additional annual payments were \$32,000.

Optional Retirement Plan: The membership of ORP is composed of teachers and administrators of the institutions of higher learning appointed or employed on or after July 1, 1990, who elect to participate in ORP and reject membership in PERS. Membership in ORP is offered as a recruitment tool for the institutions of higher learning.



Title 25, Article 11 of the Mississippi Code states that the Board of Trustees of the System will provide for the administration of the ORP program. ORP participants direct the investment of their funds among three investment vendors. Benefits payable to plan participants are not obligations of the state of Mississippi. Such benefits and other rights of participants or their beneficiaries are the liability of the vendors and are governed solely by the terms of the annuity contracts issued by them. As such, ORP is not considered part of the System's reporting entity for financial reporting purposes.

C. Actuarial Asset Valuation

By statute, actuarial valuations of PERS, MHSPRS and SLRP must be performed at least once in each two-year period as of June 30, with the most recent being June 30, 2001. An actuarial valuation of MRS is required to be performed at least once in each four-year period as of September 30, with the most recent being September 30, 2000. All plans presently have actuarial valuations performed annually. Each valuation may be affected by changes in actuarial assumptions and changes in benefit provisions since the preceding valuation.

D. Funding Policy and Annual Pension Costs

Contribution provisions for PERS, MHSPRS and SLRP are established by state statute and may be amended only by the state legislature. Contribution provisions for MRS are established by state statute, annual local and private legislation and may be amended only by the state legislature.

The following table provides information concerning funding and actuarial policies (amounts expressed in thousands):

	PERS	MHSPRS	MRS	SLRP
Contribution rates:				
State	9.75%	26.16%	N/A	6.33%
Other employers	7.75%	N/A	.49 – 9.19 mills	N/A
Plan members	7.25%	6.50%	7.00 - 10.00%	3.00% *
Annual pension cost	\$ 418,281	\$ 5,835	\$ 12,364	\$ 382
Employer contributions made	\$ 418,281	\$ 5,835	\$ 14,157	\$ 382
Actuarial valuation date	June 30, 2001	June 30, 2001	Sept. 30, 2000	June 30, 2001
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percent open	Level percent open	Level dollar closed	Level percent open
Remaining amortization period	12.6 years	30 years	34 years	8.4 years
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market
Actuarial assumptions:				
Investment rate of return	8.00%	8.00%	8.00%	8.00%
Projected salary increases**	4.00%	4.00%	4.00%	4.00%
Additional projected salary increases***	1.00% - 14.00%	1.50% - 6.20%	1.00%	1.00%
Increase in benefits after retirement	3.00%	2.50% @	2.50% - 3.75% #	3.00% ~

* In addition to 7.25% required by PERS.

** Compounded annually and attributable to inflation.

*** Compounded annually and attributable to seniority/merit.

@ Calculated on simple interest basis.

~ Calculated 3% simple interest to age 55, compounded each year thereafter. However, the adjustment will not be less than 4% of the annual retirement allowance for each full fiscal year in retirement through 6/30/98.

Varies depending on municipality.



E. Three-Year Trend Information

The following table provides the employer contribution to PERS, MHSPRS, MRS, and SLRP for the last three fiscal years (amounts expressed in thousands):

	PERS	MHSPRS	MRS*	SLRP
Contributions:				
1999	\$ 372,661	\$ 5,359	\$ 14,197	\$ 373
2000	407,595	5,649	13,775	411
2001	418,281	5,835	14,157	382

* Information furnished for MRS is for the years ended September 30, 1998, 1999 and 2000, respectively.

The annual pension cost is equal to the employer contributions made to the Plans, except for MRS. For each year the contributions met or exceeded the required contributions, except for MRS where the percent contributed was 96.4% and 99.8% of the required contributions for the years ended September 30, 1998 and 1999, respectively. For the years ended September 30, 1998, 1999, and 2000 the MRS net pension obligation or net pension asset was not significant.

Note 18 - Commitments

A. Operating Leases

The state of Mississippi has entered into numerous agreements to lease land and buildings which are classified as operating leases. These agreements generally contain the provision that, at the expiration date of the lease, the state may renew the operating lease on a month-to-month basis. It is expected that in the normal course of business most of these leases will be renewed or replaced by similar leases. Future minimum commitments due under operating leases for land and buildings as of June 30, 2001 were as follows (amounts expressed in thousands):

Year Ending June 30	Amount
2002	\$ 14,531
2003	11,357
2004	8,004
2005	3,932
2006	2,480
Thereafter	7,434
Total Minimum Commitments	\$ 47,738

Expenditures for rental of land and buildings under operating leases for the year ended June 30, 2001 amounted to \$15,076,000.

B. Contracts

At June 30, 2001, the Department of Transportation had long-term contracts outstanding of approximately \$1,076,616,000 with performance continuing during fiscal year 2002. These contracts will be paid through the General Fund. Approximately 32 percent of future expenditures related to these commitments are expected to be reimbursed from proceeds of federal grants when the actual costs are incurred. The remaining portion will be funded by specific gasoline and gaming taxes.

The State Aid Road Division had long-term contracts of \$76,669,000 outstanding at June 30, 2001 for construction of state and county roads. These contracts will be paid through the General Fund. Approximately 26 percent of future expenditures related to these commitments are expected to be reimbursed from proceeds of federal grants when the actual costs are incurred. The remaining portion will be funded by specific tax levies.

The Office of Building, Grounds and Real Property Management had outstanding construction contracts of \$164,025,000 at June 30, 2001. These contracts will be paid from capital projects funds.

The Military Department had outstanding construction contracts of \$6,933,000 at June 30, 2001. These contracts will be paid primarily from proceeds of federal grants.



Certain discretely presented universities have contracted for the construction of various facilities. At June 30, 2001, contracts of \$97,663,000 were outstanding. These contracts will be paid through the university funds with proceeds from long-term financing and institutional funds.

Note 19 - Risk Management

The state has elected to finance most exposures to risk through the retention of risk. The exposures to risk retained by the state are health and life benefits, tort liability, unemployment benefits and workers' compensation benefits. The state utilizes the internal service Risk Management Fund to account for these activities.

Health and Life Benefits: The state has elected to manage the health benefit through the retention of all exposure. The life benefit is purchased from a commercial insurance company for death benefit distribution under tax law but management of the risk is accomplished by self insuring within an insured shell. State law mandates that all state, public education, library, junior and community college and retiring employees be offered health and life benefit coverage through this plan.

Estimates of the liabilities for incurred (both reported and unreported) but unpaid claims are actuarially determined using the development method. This method uses past observed patterns of time between claim incurrual and payment to estimate incurred claims from available claims data. Liabilities are based on the estimated ultimate cost of settling the claims, including inflation and other factors, and provisions for estimated claims adjustment expenses. Although the health and life benefits accounts have deficits as described in Note 3A, the collection of premiums, based on an actuarial estimate, have provided an adequate cash flow for the payment of claims.

Tort Liability: The state manages tort claims through the retention of all liability exposure. The legislature created the Tort Claims Board to administer these claims beginning in fiscal year 1994. Statutory regulations provide some protection, as well as a limitation of liability, for claims filed against state agencies and state employees. There is some limited purchase of commercial insurance by state agencies for excess auto liability and other lines of coverage to fulfill some contractual requirements on out of state operations. There is purchase of insurance for protection of some fleet vehicles, some specified watercraft and specific fixed wing aircraft. In the last three years, settled claims have not exceeded commercial coverage.

Claims payments are financed through an annual assessment to all state agencies based on amount of payroll and past loss history. Estimates of the liability for unpaid claims are actuarially determined based on observed patterns of claims payments, as well as the experience of similar programs in other states.

Unemployment Benefits: Unemployment benefits are established in statute and administered by the Mississippi Employment Security Commission. The state elects to manage the financial risk for state agencies through retention of all liability exposure. Benefits are financed through collection of premiums from agencies, which provides a stable cash flow for payment of claims.

Estimates of the liability for unpaid claims are actuarially determined based on observed patterns of claims payments, adjusted for changes in covered payrolls.

Workers' Compensation Benefits: Workers' compensation benefits are established in statute and the rules and regulations are established by the Mississippi Workers' Compensation Commission and the Mississippi State Agencies Self-Insured Workers' Compensation Trust Board of Trustees. The exposure of risk is financed mostly through retention of all exposure, with limited purchase of commercial excess insurance. The benefits are financed through collection of premiums, based on an actuarial estimate, from agencies which provides a stable cash flow for claims payments. In the last three years, settled claims have not exceeded commercial coverage.

Estimates of the liability for unpaid claims are actuarially determined based on observed patterns of claims payments and case reserves development. Liabilities are based on the ultimate costs of settling claims, including inflation and other factors, and include provisions for estimated claims adjustment expenses.



The following table provides a reconciliation of changes in the liabilities for claims for fiscal years 2000 and 2001 (amounts expressed in thousands):

	Heath and Life Benefits		Tort Claims	Unemployment Benefits		Workers' Compensation Benefits	Total Risk Management Fund			
2000										
Beginning Balance	\$	68,335	\$	12,196	\$	2,808	\$	19,830	\$	103,169
Current Year Claims/Changes in Estimates		343,285		5,162		923		11,911		361,281
Claims Payments		(337,097)		(2,403)		(811)		(8,361)		(348,672)
Ending Balance	\$	74,523	\$	14,955	\$	2,920	\$	23,380	\$	115,778
2001										
Beginning Balance	\$	74,523	\$	14,955	\$	2,920	\$	23,380	\$	115,778
Current Year Claims/Changes in Estimates		369,475		5,561		595		12,910		388,541
Claims Payments		(365,026)		(2,360)		(811)		(9,698)		(377,895)
Ending Balance	\$	78,972	\$	18,156	\$	2,704	\$	26,592	\$	126,424

Note 20 - Component Unit Funds

Condensed financial statements for the component unit funds for the fiscal year ended June 30, 2001, are as follows (amounts expressed in thousands):

Condensed Balance Sheet - Component Units

	Governmental Funds		Proprietary Funds				
	Pearl River Valley Water Supply District	Other	Mississippi Coast Coliseum Commission	Other	University	Total	
Assets:							
Current assets	\$ 5,945	\$ 10,318	\$ 3,947	\$ 13,902	\$ 774,001	\$ 808,113	
Due from other funds					62,935	62,935	
Due from primary government			4	106	32,483	32,593	
Inventories		33		381	21,212	21,626	
Loans and notes receivables					100,264	100,264	
Restricted assets		848	7,080			7,928	
Property, plant and equipment	57,873	39,736	29,886	2,398	2,078,164	2,208,057	
Other assets		442	203	32	32,291	32,968	
Amounts to be provided	1,334	1,339				2,673	
Total assets	\$ 65,152	\$ 52,716	\$ 41,120	\$ 16,819	\$ 3,101,350	\$ 3,277,157	
Liabilities:							
Current liabilities	\$ 849	\$ 526	\$ 524	\$ 419	\$ 150,920	\$ 153,238	
Due to other funds					62,935	62,935	
Due to primary government					7,960	7,960	
Deferred revenues			6		38,692	38,698	
Liabilities payable from restricted assets			74			74	
Bonds and notes payable		2,768	745		248,938	252,451	
Other liabilities	1,335	215	1,043	260	44,922	47,775	
Total liabilities	2,184	3,509	2,392	679	554,367	563,131	
Equity:							
Investment in fixed assets	49,404	36,086			1,806,840	1,892,330	
Contributed capital	8,967	1,499	15,285	5,292		31,043	
Retained earnings	3,405	2,675	23,443	10,848		40,371	
Fund balances	1,192	8,947			740,143	750,282	
Total equity	62,968	49,207	38,728	16,140	2,546,983	2,714,026	
Total liabilities and equity	\$ 65,152	\$ 52,716	\$ 41,120	\$ 16,819	\$ 3,101,350	\$ 3,277,157	



Condensed Statement of Revenues, Expenditures, and Changes in Fund Equity - Governmental Funds - Component Units

	Pearl River Valley Water Supply District	Other	Total
Revenues	\$ 4,787	\$ 5,789	\$ 10,576
Expenditures:			
Operating and other	4,692	4,007	8,699
Debt service	277	314	591
Excess of revenues over (under) expenditures	(182)	1,468	1,286
Transfer to primary government		(611)	(611)
Net income (loss) from proprietary operations	651	(412)	239
Net changes in equity	469	445	914
Fund equity July 1	4,128	11,177	15,305
Fund equity June 30	\$ 4,597	\$ 11,622	\$ 16,219

Condensed Statement of Revenues, Expenses, and Changes in Fund Equity - Proprietary Funds - Component Units

	Mississippi Coast Coliseum Commission	Other	Total
Operating revenues	\$ 4,029	\$ 6,399	\$ 10,428
Operating expenses:			
Depreciation	1,291	271	1,562
Other	4,758	5,788	10,546
Operating income (loss)	(2,020)	340	(1,680)
Nonoperating revenues	662	682	1,344
Nonoperating expenses	(36)	(35)	(71)
Net income (loss)	(1,394)	987	(407)
Retained Earnings July 1, as restated	24,837	9,861	34,698
Retained Earnings June 30	\$ 23,443	\$ 10,848	\$ 34,291



Note 21 – Contingencies

- A. **Federal Grants** - The state has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from an audit may become a liability of the state. The state estimates that the ultimate disallowance pertaining to these grants, if any, will be immaterial to its overall financial condition.
- B. **Litigation** - The state is party to various legal proceedings that arise in the normal course of governmental operations. The state's legal counsel believes that they will be successful in defending the state and its agencies in a majority of these cases. In the event that they are not successful in defending such cases, they do not believe that the total liability will exceed \$37,700,000. In the opinion of the state, the ultimate disposition of these matters will not have a material adverse effect on the financial position of the state.

Note 22 - Subsequent Events

During 2001, Mississippi has experienced lower than anticipated revenues, primarily related to sales, corporate, and individual income taxes. As a result, General Fund revenue collections through October of fiscal year 2002 fell below 98 percent of the estimate adopted by the Legislative Budget Office at the date of sine die adjournment. Therefore, pursuant to state law, the Department of Finance and Administration reduced allotments of appropriations for several general fund agencies by 3.35 percent. This budget revision is expected to reduce the General Fund budget by 1.6 percent or approximately \$54,000,000 for fiscal year 2002.

The Working Cash-Stabilization Reserve Account may be used for cash flow needs throughout the year when the General Fund experiences cash flow deficiencies. In order to satisfy current cash flow requirements, subsequent borrowings have been made from the Working Cash-Stabilization Reserve Account. As of December 7, 2001, the General Fund has accumulated borrowings outstanding of \$179,420,000 from the Working Cash-Stabilization Reserve Account leaving a balance of \$19,000,000, which is statutorily required to be maintained in this account. In order to comply with state law, the Working Cash-Stabilization Reserve Account will be reimbursed by the end of the fiscal year.

Subsequent to year end, the state issued the following bonds and notes:

Tax-exempt, General Obligation Bonds, Mississippi Small Enterprise Development Finance Act Issue, 2001 Series A through C totaling \$4,150,000 dated July 1, 2001. The bonds mature serially through the year 2016 at interest rates ranging from 4.5 percent to 5.2 percent.

Tax-exempt, General Obligation Refunding Notes, Mississippi Gaming Counties Highway Improvements Project Issue, Series 2001 totaling \$100,000,000 dated September 20, 2001. The notes mature September 27, 2002 at an interest rate of 2.4 percent payable on September 27, 2002.

Tax-exempt, General Obligation Bonds, Mississippi Gaming Counties Highway Improvements Project Issue, Series B totaling \$200,000,000 dated October 15, 2001. The bonds mature serially through the year 2011 at interest rates ranging from 4 percent to 5.25 percent. The bonds were issued for the purpose of currently refunding the \$100,000,000 General Obligation Refunding Notes, Mississippi Gaming Counties Highway Improvements Project Issue, Series 2001, dated September 20, 2001, and providing additional funding of \$100,000,000 for the project.

Taxable, General Obligation Bonds, Mississippi Business Investment Act Issue, Series X, Mississippi Farm Reform Act Issue, Series P, Mississippi Small Municipalities and Limited Population Counties Issue, Mississippi Land, Water and Timber Resource Issue and Mississippi Telecommunication Conference and Training Center Act Issue, Series A totaling \$29,950,000 dated November 1, 2001. The bonds mature serially through the year 2011 at interest rates ranging from 4 percent to 5.22 percent.

Tax-exempt, General Obligation Bonds, Capital Improvements Issue, Series 2001 totaling \$179,135,000 dated November 1, 2001. The bonds mature serially through the year 2021 at interest rates ranging from 4 percent to 5.25 percent.

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Required Supplementary Information

June 30, 2001

Schedule of Funding Progress

(Expressed in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Overfunded) AAL (b - a)	Funded Ratio (a / b)	Annual Covered Payroll (c)	Unfunded (Overfunded) AAL as a Percentage of Annual Covered Payroll ((b - a) / c)
Public Employees' Retirement System of Mississippi						
1999	\$ 13,016,632	\$ 15,751,361	\$ 2,734,729	82.6 %	\$ 3,711,680	73.7 %
2000	14,899,074	18,052,096	3,153,022	82.5	4,090,596	77.1
2001	16,191,631	18,494,207	2,302,576	87.5	4,112,238	56.0
Mississippi Highway Safety Patrol Retirement System						
1999	\$ 219,866	\$ 221,757	\$ 1,891	99.1 %	\$ 19,808	9.5 %
2000	244,331	251,937	7,606	97.0	21,314	35.7
2001	259,713	250,621	(9,092)	103.6	21,972	(41.4)
Municipal Retirement Systems *						
1998	\$ 213,591	\$ 363,612	\$ 150,021	58.7 %	\$ 10,852	1,382.4 %
1999	235,222	369,118	133,896	63.7	9,440	1,418.4
2000	253,713	373,484	119,771	67.9	8,485	1,411.6
Supplemental Legislative Retirement Plan						
1999	\$ 6,954	\$ 8,931	\$ 1,977	77.9 %	\$ 5,894	33.6 %
2000	8,199	9,973	1,774	82.2	5,856	30.3
2001	9,124	10,302	1,178	88.6	5,941	19.8

* Valuation information furnished for MRS is as of September 30. The value of net assets available for benefits at June 30, 2001, does not differ materially from the value as of September 30, 2000.

Notes to Schedule of Funding Progress

The actuarial accrued liability is a measure intended to help users assess the PERS, MHSPRS, MRS and SLRP funding status on a going-concern basis and assess progress being made in accumulating sufficient assets to pay benefits when due. The actuarial value of assets is determined on a market-related basis that recognizes 20 percent of the previously unrecognized and unanticipated gains and losses (both realized and unrealized). Allocation of the actuarial present value of projected benefits between past and future service is based on service using the entry age actuarial cost method. Assumptions, including projected pay increases, are the same as used to determine the plan's annual required contribution between entry age and assumed exit age. Entry age is established by subtracting credited service from current age on the valuation date. For additional information regarding this schedule, refer to the separately issued Comprehensive Annual Financial Report of the Public Employees' Retirement System for 2001.

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General Fund

The General Fund accounts for resources obtained and used for those services traditionally provided by state government which are not required to be accounted for in another fund.

General Fund

Balance Sheet

June 30, 2001 (Expressed in Thousands)

Assets:

Equity in internal investment pool	\$ 1,416,845
Cash and cash equivalents	37,600
Investments	283,069
Receivables, net:	
Taxes	436,506
Interest	15,494
Other	81,830
Due from other governments, net	636,533
Due from other funds	9,454
Due from component units	7,726
Food stamp and commodity inventory	35,559
Inventories	37,391
Loans and notes receivable	186,065
Loans to other funds	2,040
Other assets	11,288
Total Assets	\$ 3,197,400

Liabilities:

Warrants payable	\$ 98,272
Accounts payable and accruals	365,341
Contracts payable	62,556
Retainage payable	21,340
Income tax refunds payable	151,500
Due to other governments	220,360
Due to other funds	26,568
Due to component units	32,121
Deferred revenues	110,537
General obligation notes payable	145,000
Total Liabilities	1,233,595

Fund Balance:

Reserved for:	
Encumbrances	42,663
Inventories	37,391
Long-term portion of loans and notes receivable	170,008
Long-term portion of due from other governments	336,391
Distribution to local governments	12,666
Loans to other funds	2,040
Ayers Endowment Trust	15,000
Unreserved:	
Designated for debt service	78,563
Designated for education	4,360
Designated for future loans	57,324
Designated for port improvements	6,573
Designated for road and highway construction	415,601
Designated for working cash stabilization reserve account	179,633
Designated for special treasury accounts	431,260
Undesignated	174,332
Total Fund Balance	1,963,805
Total Liabilities and Fund Balance	\$ 3,197,400

General Fund

Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balance

For the Year Ended June 30, 2001 (Expressed in Thousands)

Revenues:

Taxes:

Sales and use	\$ 2,322,787
Gasoline and other motor fuel	390,558
Privilege	69,104
Motor vehicle registration	28,940
Individual income	1,021,549
Alcoholic beverage	45,518
Corporate income and franchise	276,263
Severance	48,187
Inheritance	28,666
Tobacco	54,496
Insurance	121,995
Nuclear power	18,041
Other	18,455

Licenses, fees and permits:

Gaming	217,081
User fees	14,431
Drivers' licenses	23,245
Other	74,670

Federal government	3,310,088
Interest	112,516

Charges for sales and services:

Intergovernmental	24,599
Non-state government	226,362
Rentals	9,624
Court assessments and settlements	33,611
Other	214,786

Total Revenues	8,705,572
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Expenditures:

Current:

General government	1,046,103
Education	2,241,073
Health and social services	3,445,899
Law, justice and public safety	444,018
Recreation and resources development	245,589
Transportation	756,564

Debt service:

Principal	109,926
Interest and other fiscal charges	90,393

Total Expenditures	8,379,565
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Excess of Revenues over Expenditures	326,007
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Other Financing Sources (Uses):

Proceeds from bonds and notes issued	212,061
Proceeds of refunding bonds	320,115
Proceeds from capital leases	50,020
Payments to refunded bond escrow agent	(343,714)
Operating transfers in	63,553
Operating transfers out	(133,463)
Operating transfers from component units	4,131
Operating transfers to component units	(604,827)
Net Other Financing Uses	(432,124)

Excess of Revenues and Other Sources under Expenditures and Other Uses	(106,117)
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Fund Balance July 1	2,063,546
Residual Equity Transfers In	2,574
Increase in Reserve for Inventories	3,802
Fund Balance June 30	\$ 1,963,805

General Fund

Schedule of Current Expenditures by Function and Department

For the Year Ended June 30, 2001 (Expressed in Thousands)

General Government:

Legislative (includes Legislative Budget Office and Legislative Office of Performance Evaluation and Expenditure Review)	\$ 20,864
Governor's Office and Mansion	3,073
Secretary of State	8,115
Department of Audit	10,114
Department of Finance and Administration	28,806
Treasurer	6,662
Tax Commission	261,602
Department of Archives and History	7,961
Department of Insurance	6,642
Diversion to Counties and Cities	677,509
Gaming Commission	9,937
Other	4,818
Total General Government	<u>1,046,103</u>

Education:

Department of Education	2,023,370
Junior Colleges	189,067
Educational Television Authority	13,953
Library Commission	14,683
Total Education	<u>2,241,073</u>

Health and Social Services:

Department of Health	199,922
Division of Medicaid (Governor's Office)	2,080,539
Department of Mental Health and Related Institutions	417,173
Department of Human Services	670,914
Department of Rehabilitation Services	49,739
Other	27,612
Total Health and Social Services	<u>3,445,899</u>

Law, Justice and Public Safety:

Attorney General	15,791
Circuit and Chancery Judges and District Attorneys	12,692
Department of Corrections	283,069
Military Department	12,388
Department of Public Safety	67,125
Bureau of Narcotics	15,168
Supreme Court	33,830
Other	3,955
Total Law, Justice and Public Safety	<u>444,018</u>

Recreation and Resources Development:

Department of Agriculture and Commerce	13,541
Mississippi Development Authority	133,650
Forestry Commission	31,445
Department of Environmental Quality	55,973
Department of Wildlife, Fisheries and Parks	8,006
Other	2,974
Total Recreation and Resources Development	<u>245,589</u>

Transportation:

Department of Transportation	<u>756,564</u>
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Total Expenditures by Function and Department	<u>\$ 8,179,246</u>
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Special Revenue Funds

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Significant Special Revenue Funds Descriptions

The numerous special revenue funds used by the state have been grouped by organizational unit and combined into specific functions.

Health and Social Services

Health Care - The **Health Care Fund** accounts for monies received from the settlement of a lawsuit against tobacco companies by the state. The principal and income derived from investment are expended exclusively for health care purposes by various agencies.

Department of Rehabilitation Services - The **Rehabilitation Services Fund** accounts for federal and state monies used to provide vocational rehabilitation programs for the blind. The **Disability Determination Fund** accounts for funds received from the federal government for the specific purpose of evaluating applicants for Social Security benefits consistent with laws and regulations pertaining to disability eligibility.

Employment Security Commission - The **Employment Services Fund** accounts for monies received from the federal government for administering the Unemployment Compensation Act.

Department of Mental Health - The **Alcohol Abuse Program Fund** accounts for a three percent tax on alcoholic beverages collected by and transferred from the General Fund for the purpose of administering alcohol abuse treatment and rehabilitation programs. Expenditures consist primarily of grants for regional alcohol treatment programs, vocational rehabilitation services, inpatient treatment programs and alcohol rehabilitation programs for the Department of Corrections.

Law, Justice and Public Safety

Department of Corrections - The **Community Services Fund** provides alternative diversionary programs which subject individuals to the minimum supervision and control that the inmate requires in lieu of incarceration within the penitentiary. Revenue is provided by probation release fees.

Department of Public Safety - The **Public Safety Planning Fund** accounts for federal grant monies received to provide for criminal justice planning, national highway traffic safety and drug-free communities.

Military Department - The **National Guard Facility and Training Fund** accounts for monies received from the federal government to maintain, expand and improve facilities within the state and to pay the salaries of state employees working at training sites. The **Camp Shelby Operations Fund** accounts for federal monies received for the specific purpose of training troops. The fund also accounts for funds received from sale of timber, mineral leases on lands and store sales. Expenditures are for the maintenance of Camp Shelby.



Emergency Management - The **Emergency Management Fund** accounts for grant monies received from the federal government and transfers from the General Fund. Expenditures are restricted by the various grant agreements but all pertain to emergency management programs and their administration.

Recreation and Resources Development

Department of Agriculture and Commerce - The **Rice and Soybean Promotion Fund** accounts for fees charged for the sale of rice and soybeans. This revenue is expended to promote the rice and soybean industries through research, education and advertising.

Mississippi Development Authority - The **Community Development Fund** accounts for federal grant monies received to provide various community development programs including job development and training. The **Energy Conservation Fund** accounts for state and federal monies and other revenues used to coordinate the state's energy activities, needs and programs.

Department of Wildlife, Fisheries and Parks - The **Fisheries and Wildlife Fund** accounts for expenditures of enforcing laws for the preservation and protection of the state's wildlife resources and enhancing their environments. Additional responsibilities and expenses of this fund are enforcement of boating safety on state lakes and streams and enforcement of hunter safety. The Fisheries and Wildlife Fund also shares in administrative costs of the Department of Wildlife, Fisheries and Parks through operating transfers to the administrative fund. Revenues are derived from the sale of hunting and fishing licenses, fees and permits, taxes and federal grants. The **Parks and Recreation Fund** accounts for expenditures to support the varied activities to promote, operate and maintain the twenty-eight park sites located throughout the state. Funding is provided by user fees, federal grants and transfers from the General Fund. The **Motor Vehicle Fund** accounts for the purchase of motor vehicles for the Department of Wildlife, Fisheries and Parks. Funding is provided primarily by eight percent of the proceeds from the sale of hunting and fishing licenses, fees and permits.

Department of Marine Resources - The **Marine Resources Fund** accounts for expenditures of conserving and protecting marine resources and of administering coastal zone, liaison and statistical programs as directed by the National Office of Marine Fisheries. Funding is provided by transfers from the General Fund and by federal grants.

Regulation of Business and Professions

Public Service Commission - The **Public Service Commission Fund** accounts for the costs of regulating all for-hire transportation and communication, electric, gas, water and sewer utilities. Revenue is derived principally from motor carrier application and registration fees and utilities tax assessments.

Workers' Compensation Commission - The **Workers' Compensation Commission Fund** accounts for expenditures relating to administering the provisions of the Mississippi Workers' Compensation Law, which include cooperating with other state and federal authorities for the prevention of injuries and occupational diseases and, in the event of such injuries and diseases, coordinating the rehabilitation or restoration to health and vocational opportunity of the affected worker.

Department of Banking and Consumer Finance - The **Banking and Consumer Finance Fund** accounts for assessment fees charged to banks to fund the regulation and supervision of banks operating within the state. This fund also accounts for funds collected in the examining and licensing of motor vehicle finance organizations and small loan organizations.



Oil and Gas Board - The **Oil and Gas Board Fund** accounts for fees imposed on oil and gas drilling, production and storage. Funds are used to protect public and private interests against waste in the production and use of oil and gas, to obtain full development in oil production within the state and to maintain records of all oil and gas wells drilled and producing.

Other Regulatory Agencies - The **Other Regulatory Agencies Fund** provides for the control and regulation of various professions by boards and commissions established for this purpose. Revenue is provided by examination and license renewal fees. Each board or commission has its own account within this fund to account for its operation.



Special Revenue Funds

Combining Balance Sheet

June 30, 2001 (Expressed in Thousands)

	Health and Social Services	Law, Justice and Public Safety	Recreation and Resources Development	Regulation of Business and Professions	Totals
Assets:					
Equity in internal investment pool	\$ 46,023	\$ 22,065	\$ 27,969	\$ 33,374	\$ 129,431
Cash and cash equivalents	21,590	5,199	2,628	83	29,500
Investments	572,495		15,978		588,473
Receivables, net:					
Interest and dividends	2,359	1	273	16	2,649
Other	911	596	1,170	322	2,999
Due from other governments	1,250	16,673	25,360	838	44,121
Due from other funds	2,389	639	8,947	4,965	16,940
Inventories	83	1,045	294		1,422
Loans receivable, net			857		857
Total Assets	\$ 647,100	\$ 46,218	\$ 83,476	\$ 39,598	\$ 816,392
Liabilities:					
Warrants payable	\$ 8,326	\$ 3,208	\$ 5,046	\$ 1,094	\$ 17,674
Accounts payable and accruals	3,070	2,946	2,788	200	9,004
Due to other governments	82	2,014	6,040		8,136
Due to other funds	632	331	449	50	1,462
Due to component units	50	130	292		472
Deferred revenues	456	12,930	5,436		18,822
Loans from other funds	13				13
Other liabilities				238	238
Total Liabilities	12,629	21,559	20,051	1,582	55,821
Fund Balances:					
Reserved for:					
Encumbrances	556	3,505	1,837	301	6,199
Inventories	83	1,045	294		1,422
Ellisville State School	2,025				2,025
Long-term portion of loans receivable			633		633
Long-term portion of due from other governments			9,690		9,690
Unreserved:					
Designated for health care	620,908				620,908
Designated for future loans			3,227		3,227
Designated for energy programs			5,761		5,761
Undesignated	10,899	20,109	41,983	37,715	110,706
Total Fund Balances	634,471	24,659	63,425	38,016	760,571
Total Liabilities and Fund Balances	\$ 647,100	\$ 46,218	\$ 83,476	\$ 39,598	\$ 816,392

MISSISSIPPI

Special Revenue Funds

Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances

For the Year Ended June 30, 2001 (Expressed in Thousands)

	Health and Social Services	Law, Justice and Public Safety	Recreation and Resources Development	Regulation of Business and Professions	Totals
Revenues:					
Taxes	\$	\$	\$ 8,800	\$	\$ 8,800
Licenses, fees and permits	300	5,149	23,897	31,443	60,789
Federal government	52,906	75,464	98,739	1,297	228,406
Interest and other investment income (loss), net	(29,614)	557	2,814	324	(25,919)
Charges for services	4,041	624	3,309	155	8,129
Rentals			5,413	10	5,423
Court assessments and settlements	211,149		354		211,503
Other	10,798	6,460	1,146	369	18,773
Total Revenues	249,580	88,254	144,472	33,598	515,904
Expenditures:					
Current:					
Health and social services	141,501				141,501
Law, justice and public safety		84,856			84,856
Recreation and resources development			144,323		144,323
Regulation of business and professions				28,815	28,815
Debt service:					
Principal		337			337
Interest		21			21
Total Expenditures	141,501	85,214	144,323	28,815	399,853
Excess of Revenues over Expenditures	108,079	3,040	149	4,783	116,051
Other Financing Sources (Uses):					
Proceeds from capital lease		2,632			2,632
Operating transfers in	13,945	5,981	10,141		30,067
Operating transfers out	(3,301)	(7,963)	(8,105)	(12,108)	(31,477)
Operating transfers to component units		(1,057)	(6)	(1)	(1,064)
Net Other Financing Sources (Uses)	10,644	(407)	2,030	(12,109)	158
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	118,723	2,633	2,179	(7,326)	116,209
Fund Balances July 1	515,853	22,220	62,317	46,063	646,453
Residual Equity Transfers Out	(104)	(136)	(1,050)	(721)	(2,011)
Decrease in Reserve for Inventories	(1)	(58)	(21)		(80)
Fund Balances June 30	\$ 634,471	\$ 24,659	\$ 63,425	\$ 38,016	\$ 760,571

Special Revenue Funds

Combining Balance Sheet Health and Social Services

June 30, 2001 (Expressed in Thousands)

	Health Care	Department of Rehabilitation Services	
		Rehabilitation Services	Disability Determination
Assets:			
Equity in internal investment pool	\$ 32,413	\$ 2,204	\$ 5,297
Cash and cash equivalents	20,917		5
Investments	572,384	111	
Receivables, net:			
Interest and dividends	2,358	1	
Other			26
Due from other governments		29	949
Due from other funds		382	25
Inventories			
Total Assets	\$ 628,072	\$ 2,727	\$ 6,302
Liabilities:			
Warrants payable	\$ 6,240	\$ 183	\$ 750
Accounts payable and accruals	724	219	600
Due to other governments			27
Due to other funds	197	76	73
Due to component units			
Deferred revenues			27
Loans from other funds			
Total Liabilities	7,161	478	1,477
Fund Balances:			
Reserved for:			
Encumbrances	3		52
Inventories			
Ellisville State School			
Unreserved:			
Designated for health care	620,908		
Undesignated		2,249	4,773
Total Fund Balances	620,911	2,249	4,825
Total Liabilities and Fund Balances	\$ 628,072	\$ 2,727	\$ 6,302

Employment Security Commission		Department of Mental Health		
Employment Services	Alcohol Abuse Program	Social Services	Totals	
\$ 3,347	\$ 712	\$ 2,050	\$ 46,023	
240		428	21,590	
			572,495	
			2,359	
796		89	911	
272			1,250	
1,668	314		2,389	
83			83	
\$ 6,406	\$ 1,026	\$ 2,567	\$ 647,100	
\$ 1,120	\$ 33	\$	\$ 8,326	
1,245	259	23	3,070	
55			82	
16	250	20	632	
50			50	
429			456	
13			13	
2,928	542	43	12,629	
501			556	
83			83	
		2,025	2,025	
			620,908	
2,894	484	499	10,899	
3,478	484	2,524	634,471	
\$ 6,406	\$ 1,026	\$ 2,567	\$ 647,100	

Special Revenue Funds

Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances Health and Social Services

For the Year Ended June 30, 2001 (Expressed in Thousands)

	Health Care	Department of Rehabilitation Services	
		Rehabilitation Services	Disability Determination
Revenues:			
Licenses, fees and permits	\$	\$	\$
Federal government		132	19,901
Interest and other investment income (loss), net	(29,882)	11	222
Charges for services		443	266
Court assessments and settlements	211,149		
Other		12	2,134
Total Revenues	181,267	598	22,523
Expenditures:			
Health and social services	66,974	3,108	20,566
Excess of Revenues over (under) Expenditures	114,293	(2,510)	1,957
Other Financing Sources (Uses):			
Operating transfers in		4,473	20
Operating transfers out	(933)	(216)	(878)
Net Other Financing Sources (Uses)	(933)	4,257	(858)
Excess of Revenues and Other Sources over Expenditures and Other Uses	113,360	1,747	1,099
Fund Balances July 1	507,551	502	3,726
Residual Equity Transfers Out			
Decrease in Reserve for Inventories			
Fund Balances June 30	\$ 620,911	\$ 2,249	\$ 4,825

Employment Security Commission		Department of Mental Health		
Employment Services		Alcohol Abuse Program	Social Services	Totals
\$	\$	\$	300	\$ 300
32,873				52,906
3			32	(29,614)
			3,332	4,041
				211,149
8,651			1	10,798
41,527			3,665	249,580
46,203		3,068	1,582	141,501
(4,676)		(3,068)	2,083	108,079
5,209		4,243		13,945
(104)		(1,170)		(3,301)
5,105		3,073		10,644
429		5	2,083	118,723
3,154		479	441	515,853
(104)				(104)
(1)				(1)
\$ 3,478	\$	484	\$ 2,524	\$ 634,471

Special Revenue Funds

Combining Balance Sheet
Law, Justice and Public Safety
 June 30, 2001 (Expressed in Thousands)

	Attorney General		Department of Corrections		Department of Public Safety
	Medicaid Fraud		Community Services	Inmate Welfare and Training	Public Safety Planning
Assets:					
Equity in internal investment pool	\$ 33	\$	4,235	\$ 40	\$ 6,182
Cash and cash equivalents			182	2,208	
Receivables, net:					
Interest					
Other			2	314	280
Due from other governments	4				2,551
Due from other funds	2		32	605	
Inventories					
Total Assets	\$ 39	\$	4,451	\$ 3,167	\$ 9,013
Liabilities:					
Warrants payable	\$ 30	\$	90	\$	514
Accounts payable and accruals	9		20	73	1,204
Due to other governments				14	
Due to other funds				164	150
Due to component units				19	111
Deferred revenues					5,685
Total Liabilities	39		110	270	7,664
Fund Balances:					
Reserved for:					
Encumbrances			23	149	15
Inventories					
Unreserved:					
Undesignated			4,318	2,748	1,334
Total Fund Balances			4,341	2,897	1,349
Total Liabilities and Fund Balances	\$ 39	\$	4,451	\$ 3,167	\$ 9,013

Military Department					
National Guard Facility and Training		Camp Shelby Operations	Emergency Management	Other	Totals
\$	1,997	\$ 159 404	\$ 9,201	\$ 218 2,405	\$ 22,065 5,199
		1			1
					596
	7,401	4,715	2,002		16,673
					639
	1,045				1,045
\$	10,443	\$ 5,279	\$ 11,203	\$ 2,623	\$ 46,218
\$	1,507	\$ 120	\$ 947	\$	3,208
	1,044	134	257	205	2,946
	7	3	1,990		2,014
			17		331
					130
	3,767	3,477	1		12,930
	6,325	3,734	3,212	205	21,559
	3,303	15			3,505
	1,045				1,045
	(230)	1,530	7,991	2,418	20,109
	4,118	1,545	7,991	2,418	24,659
\$	10,443	\$ 5,279	\$ 11,203	\$ 2,623	\$ 46,218

Special Revenue Funds

**Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses,
and Changes in Fund Balances
Law, Justice and Public Safety
For the Year Ended June 30, 2001 (Expressed in Thousands)**

	Attorney General	Department of Corrections		Department of Public Safety
	Medicaid Fraud	Community Services	Inmate Welfare and Training	Public Safety Planning
Revenues:				
Licenses, fees and permits	\$	\$	\$	\$
Federal government	1,050	4,750		17,152
Interest		9	92	5
Charges for services				
Other		2	3,866	618
Total Revenues	1,050	4,761	3,958	17,775
Expenditures:				
Current:				
Law, justice and public safety	1,340	3,486	3,949	14,272
Debt service:				
Principal		60	277	
Interest		9	12	
Total Expenditures	1,340	3,555	4,238	14,272
Excess of Revenues over (under) Expenditures	(290)	1,206	(280)	3,503
Other Financing Sources (Uses):				
Proceeds from capital leases		284	2,348	
Operating transfers in	292	309	690	618
Operating transfers out		(799)	(1,976)	(3,804)
Operating transfers to component units				(1,057)
Net Other Financing Sources (Uses)	292	(206)	1,062	(4,243)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	2	1,000	782	(740)
Fund Balances (Deficit) July 1	(2)	3,341	2,115	2,089
Residual Equity Transfers Out				
Decrease in Reserve for Inventories				
Fund Balances June 30	\$ 0	\$ 4,341	\$ 2,897	\$ 1,349

Military Department					
National Guard		Camp Shelby Operations	Emergency Management	Other	Totals
Facility and Training					
\$	\$	\$	11 \$	388 \$	5,149
30,882	2,332	24,048			75,464
	22	405		24	557
46	578				624
114	15	430		1,415	6,460
31,042	2,947	24,894		1,827	88,254
31,499	2,976	27,298		36	84,856
					337
					21
31,499	2,976	27,298		36	85,214
(457)	(29)	(2,404)		1,791	3,040
813	22	3,237			2,632
		(426)		(958)	5,981
					(7,963)
					(1,057)
813	22	2,811		(958)	(407)
356	(7)	407		833	2,633
3,820	1,688	7,584		1,585	22,220
	(136)				(136)
(58)					(58)
\$ 4,118	\$ 1,545	\$ 7,991	\$ 2,418	\$	24,659



Special Revenue Funds

Combining Balance Sheet Recreation and Resources Development June 30, 2001 (Expressed in Thousands)

	Department of Agriculture and Commerce	Mississippi Development Authority			State Treasurer
	Rice and Soybean Promotion	Community Development	Energy Conservation	Other	Court Assessments and Settlements
Assets:					
Equity in internal investment pool	\$ 819	\$ 2,121	\$ 3,650	\$ 38	\$
Cash and cash equivalents	203			78	
Investments	690		9,088	285	661
Receivables, net:					
Interest		62	27	3	2
Other	342	804	10		
Due from other governments		23,336	214		
Due from other funds	8				
Inventories					
Loans receivable, net			857		
Total Assets	\$ 2,062	\$ 26,323	\$ 13,846	\$ 404	\$ 663
Liabilities:					
Warrants payable	\$	\$ 3,076	\$ 109	\$	\$
Accounts payable and accruals	3	940	87		
Due to other governments		5,880			
Due to other funds		351	12		
Due to component units			16		
Deferred revenues		3,122			
Total Liabilities	3	13,369	224		
Fund Balances:					
Reserved for:					
Encumbrances		213	909		
Inventories					
Long-term portion of loans receivable			633		
Long-term portion of due from other governments		9,690			
Unreserved:					
Designated for future loans		3,227			
Designated for energy programs			5,761		
Undesignated	2,059	(176)	6,319	404	663
Total Fund Balances	2,059	12,954	13,622	404	663
Total Liabilities and Fund Balances	\$ 2,062	\$ 26,323	\$ 13,846	\$ 404	\$ 663

Department of Wildlife, Fisheries and Parks

Department of Wildlife, Fisheries and Parks				Department of Marine Resources	Totals
Fisheries and Wildlife	Parks and Recreation	Motor Vehicle	Other		
\$ 8,242	\$ 2,998	\$ 756	\$ 1,662	\$ 7,683	\$ 27,969
1,117	159	61	1,005	5	2,628
	200	176	4,878		15,978
19	7	2	151		273
10				4	1,170
1,453	55			302	25,360
5,750			139	3,050	8,947
141	153				294
					857
\$ 16,732	\$ 3,572	\$ 995	\$ 7,835	\$ 11,044	\$ 83,476
\$ 849	\$ 538	\$	\$	\$ 474	\$ 5,046
1,075	482			201	2,788
47	113				6,040
79	1			6	449
276					292
2,172		105		37	5,436
4,498	1,134	105		718	20,051
236	33			446	1,837
141	153				294
					633
					9,690
					3,227
					5,761
11,857	2,252	890	7,835	9,880	41,983
12,234	2,438	890	7,835	10,326	63,425
\$ 16,732	\$ 3,572	\$ 995	\$ 7,835	\$ 11,044	\$ 83,476



Special Revenue Funds

**Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses,
and Changes in Fund Balances
Recreation and Resources Development
For the Year Ended June 30, 2001 (Expressed in Thousands)**

	Department of Agriculture and Commerce	Mississippi Development Authority			State Treasurer
	Rice and Soybean Promotion	Community Development	Energy Conservation	Other	Court Assessments and Settlements
Revenues:					
Taxes	\$	\$	\$	\$	\$
Licenses, fees and permits	1,204			5	
Federal government		85,253	492		
Interest	46	490	725	18	29
Charges for services	974	5		199	
Rentals					
Court assessments and settlements					354
Other	124	501			
Total Revenues	2,348	86,249	1,217	222	383
Expenditures:					
Recreation and resources development	2,790	80,029	1,362	186	
Excess of Revenues over (under) Expenditures	(442)	6,220	(145)	36	383
Other Financing Sources (Uses):					
Operating transfers in	52			5	
Operating transfers out	(13)	(6,056)	(40)		
Operating transfers to component units		(6)			
Net Other Financing Sources (Uses)	39	(6,062)	(40)	5	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(403)	158	(185)	41	383
Fund Balances July 1	2,466	12,796	13,807	363	280
Residual Equity Transfers Out	(4)				
Increase (Decrease) in Reserve for Inventories					
Fund Balances June 30	\$ 2,059	\$ 12,954	\$ 13,622	\$ 404	\$ 663

Department of Wildlife, Fisheries and Parks				Department of Marine Resources	Totals
Fisheries and Wildlife	Parks and Recreation	Motor Vehicle	Other		
\$ 4,435	\$ 1,315	\$		\$ 3,050	\$ 8,800
12,675	7,413	998	628	974	23,897
9,431	609			2,954	98,739
587	117	70	343	389	2,814
776	25	191	731	408	3,309
5	46			5,362	5,413
					354
178	15		39	289	1,146
28,087	9,540	1,259	1,741	13,426	144,472
27,067	16,575	1,293	864	14,157	144,323
1,020	(7,035)	(34)	877	(731)	149
28	7,544			2,512	10,141
(1,987)	(2)			(7)	(8,105)
					(6)
(1,959)	7,542			2,505	2,030
(939)	507	(34)	877	1,774	2,179
13,753	2,418	924	6,958	8,552	62,317
(590)	(456)				(1,050)
10	(31)				(21)
\$ 12,234	\$ 2,438	\$ 890	\$ 7,835	\$ 10,326	\$ 63,425

Special Revenue Funds

Combining Balance Sheet Regulation of Business and Professions June 30, 2001 (Expressed in Thousands)

	Public Service Commission	Workers' Compensation Commission	Department of Banking and Consumer Finance
Assets:			
Equity in internal investment pool	\$ 5,135	\$ 6,382	\$ 4,992
Cash and cash equivalents			
Receivables, net:			
Interest		16	
Other	6	292	6
Due from other governments	838		
Due from other funds	4,965		
Total Assets	\$ 10,944	\$ 6,690	\$ 4,998
Liabilities:			
Warrants payable	\$ 233	\$ 328	\$ 84
Accounts payable and accruals	121	52	
Due to other funds	13	2	23
Other liabilities		238	
Total Liabilities	367	620	107
Fund Balances:			
Reserved for:			
Encumbrances		1	
Unreserved:			
Undesignated	10,577	6,069	4,891
Total Fund Balances	10,577	6,070	4,891
Total Liabilities and Fund Balances	\$ 10,944	\$ 6,690	\$ 4,998

Oil and Gas Board	Other Regulatory Agencies	Totals
\$ 2,855	\$ 14,010	\$ 33,374
	83	83
		16
14	4	322
		838
		4,965
<hr/>	<hr/>	<hr/>
\$ 2,869	\$ 14,097	\$ 39,598
\$ 57	\$ 392	\$ 1,094
1	26	200
	12	50
		238
<hr/>	<hr/>	<hr/>
58	430	1,582
	300	301
2,811	13,367	37,715
<hr/>	<hr/>	<hr/>
2,811	13,667	38,016
<hr/>	<hr/>	<hr/>
\$ 2,869	\$ 14,097	\$ 39,598
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Special Revenue Funds

**Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses,
and Changes in Fund Balances
Regulation of Business and Professions
For the Year Ended June 30, 2001 (Expressed in Thousands)**

	Public Service Commission	Workers' Compensation Commission	Department of Banking and Consumer Finance
Revenues:			
Licenses, fees and permits	\$ 10,213	\$ 4,347	\$ 4,329
Federal government	1,202		
Interest and other investment income, net		233	
Charges for services	104	27	
Rentals			
Other	42		
Total Revenues	11,561	4,607	4,329
Expenditures:			
Regulation of business and professions	9,377	4,546	3,226
Excess of Revenues over Expenditures	2,184	61	1,103
Other Financing Uses:			
Operating transfers out	(11,957)	(150)	
Operating transfers to component units			
Net Other Financing Uses	(11,957)	(150)	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(9,773)	(89)	1,103
Fund Balances July 1	20,788	6,429	3,788
Residual Equity Transfers Out	(438)	(270)	
Fund Balances June 30	\$ 10,577	\$ 6,070	\$ 4,891

Oil and Gas Board		Other Regulatory Agencies	Totals
\$	2,175	\$ 10,379	\$ 31,443
	95		1,297
		91	324
		24	155
		10	10
		327	369
	2,270	10,831	33,598
	1,904	9,762	28,815
	366	1,069	4,783
	(1)		(12,108)
		(1)	(1)
	(1)	(1)	(12,109)
	365	1,068	(7,326)
	2,446	12,612	46,063
		(13)	(721)
\$	2,811	\$ 13,667	\$ 38,016

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Enterprise Funds

Enterprise funds account for the operations of the state that provide goods or services to the general public on a user charge basis.

Enterprise Funds Descriptions

Fair Commission - The **Fair Commission Fund** accounts for expenses of the Fair Commission's operation of the coliseum, Dixie National Livestock Show and Industrial Showcase Building, including payment of maturing bond interest and principal. Funding sources include gross receipts from the state fair, livestock show, Industrial Building and other events conducted at the coliseum and fairgrounds, as well as operating transfers from the General Fund and proceeds from bond issues.

Veterans' Home Purchase Board - The **Veterans' Home Purchase Board Fund** provides home mortgage loans to qualified Mississippi veterans and accounts for administrative expenses of the Veterans' Home Purchase Board. Revenue is derived from interest earned on loans.

Veterans' Memorial Stadium Commission - The **Veterans' Memorial Stadium Commission Fund** accounts for operations of the Veterans' Memorial Stadium in Jackson. Funding is provided by admission fees and concessions.

Port Authority at Gulfport - The **Port Authority at Gulfport Fund** accounts for operations of a public port providing facilities for foreign and domestic trade. Funding is provided by gross receipts from port operations, proceeds from bond issues and interest income. Expenses include port operation, construction and the payment of maturing bond interest and principal.

Yellow Creek Inland Port Authority - The **Yellow Creek Inland Port Authority Fund** accounts for operations of a public port facility at the conjunction of the Tennessee River and Yellow Creek in Tishomingo County, Mississippi. All costs of operating this port are accounted for in this fund, including construction costs and the payment of maturing bond interest and principal. Funding is provided by gross receipts from port operations, proceeds from bond issues and interest income.

Department of Rehabilitation Services - The **Allied Enterprises Fund** accounts for a statewide system of sheltered workshop facilities through which handicapped citizens receive work experience to prepare them for employment outside the Allied Enterprises setting. Revenue is generated from the sale of goods and services and operating transfers from the rehabilitation services fund.

State Treasurer - The **Prepaid Affordable College Tuition Fund** accounts for operations of a prepaid college tuition program. Funding is provided by the purchasers' specified actuarially determined payments and interest on investments.

Other Enterprise Operations

Department of Agriculture and Commerce - The **Farmers' Central Market Board Fund** accounts for the construction, maintenance and operation of facilities for processing, storing and marketing agricultural products. Funding is derived from rental income. The **Agriculture and Forestry Museum Fund** accounts for operations of the museum. Revenue is generated from the sale of goods, ticket sales and rental income.

Department of Finance and Administration - The **Office of Surplus Property Fund** receives and maintains an inventory of surplus federal property and redistributes it to state agencies and departments, counties, municipalities and other eligible donees within the state. Fees are collected from the donees to offset operating costs.

Department of Corrections - The **Restaurants Fund** accounts for operations of two restaurants maintained for the convenience of Department of Corrections penitentiary employees. The **Commissary Fund** accounts for operations of the commissary. Profits are used for the special benefit of the penitentiary's residents. The **Prison Agricultural Enterprises Fund** accounts for a farming operation. Revenue sources include proceeds from the sale of row crops and rental income from leased land.

All Enterprise Funds

Combining Balance Sheet

June 30, 2001 (Expressed in Thousands)

	Fair Commission	Veterans' Home Purchase Board	Veterans' Memorial Stadium Commission
Assets:			
Current assets:			
Equity in internal investment pool	\$ 665	\$ 10,534	\$ 154
Cash and cash equivalents	108	15	63
Investments			206
Receivables, net:			
Accounts	18	9	
Interest and dividends		528	3
Due from other governments		2	
Due from other funds	3		
Due from component units			
Inventories			
Prepaid items			
Loans and notes receivable		4,150	
Total Current Assets	794	15,238	426
Restricted assets:			
Equity in internal investment pool			
Cash and cash equivalents			
Investments			
Interest receivable, net			
Due from other governments			
Total Restricted Assets			
Other assets:			
Long-term investments			
Long-term loans and notes receivable		111,246	
Total Other Assets		111,246	
Fixed Assets:			
Land	840	226	143
Buildings and improvements, net	21,325	1,544	4,355
Machinery and equipment, net	250	116	64
Construction in progress			
Total Fixed Assets	22,415	1,886	4,562
Total Assets	\$ 23,209	\$ 128,370	\$ 4,988

Port Authority at Gulfport	Yellow Creek Inland Port Authority	Department of Rehabilitation Services	State Treasurer	Other	Totals
		Allied Enterprises	Prepaid Affordable College Tuition		
\$	\$	\$	\$	\$	\$
9,024	1,787	3,144	533	2,654	14,540
26,154	3,538		2,486	499	17,126
			3,242		33,140
1,670	154	1,138		34	3,023
284	29		426		1,270
				65	67
		252		730	985
				16	16
		215		818	1,033
106	21	34			161
					4,150
37,238	5,529	4,783	6,687	4,816	75,511
373					373
627					627
31,358					31,358
9					9
44					44
32,411					32,411
			67,080		67,080
					111,246
			67,080		178,326
7,362	2,198			1,828	12,597
69,131	10,378			5,027	111,760
779	1,426			1,593	4,228
15,872	634				16,506
93,144	14,636			8,448	145,091
\$ 162,793	\$ 20,165	\$ 4,783	\$ 73,767	\$ 13,264	\$ 431,339

(Continued on Next Page)

All Enterprise Funds

Combining Balance Sheet

June 30, 2001 (Expressed in Thousands)

(Continued from Previous Page)

	Fair Commission	Veterans' Home Purchase Board	Veterans' Memorial Stadium Commission
Liabilities:			
Current Liabilities:			
Warrants payable	\$ 82	\$ 313	\$ 30
Accounts payable and accruals	126	54	61
Retainage payable			
Due to other governments, current portion	5	1	
Due to other funds	128		
Customer deposits		887	
Tuition benefits payable, current portion			
Current portion of long-term general obligation bonds			
Current portion of long-term revenue bonds	115		
Deferred revenues			
Notes payable			
Lease obligations payable, current portion			
Total Current Liabilities	456	1,255	91
Current Liabilities Payable from Restricted Assets:			
Accounts payable and accruals			
Retainage payable			
Customer deposits			
Total Current Liabilities Payable from Restricted Assets			
Long-Term Liabilities:			
Due to other governments, net of current portion			
Loans from other funds			
Tuition benefits payable, net of current portion			
General obligation bonds payable, net of current portion and unamortized discount			
Revenue bonds payable, net of current portion and unamortized discount	555		
Lease obligations payable, net of current portion			
Total Long-Term Liabilities	555		
Total Liabilities	1,011	1,255	91
Fund Equity:			
Contributed capital	5,946	9,826	3,170
Retained earnings:			
Reserved for bond retirement			
Unreserved (deficit)	16,252	117,289	1,727
Total Fund Equity	22,198	127,115	4,897
Total Liabilities and Fund Equity	\$ 23,209	\$ 128,370	\$ 4,988

Port Authority at Gulfport	Yellow Creek Inland Port Authority	Department of Rehabilitation Services	State Treasurer	Other	Totals
		Allied Enterprises	Prepaid Affordable College Tuition		
\$	\$	\$	\$	\$	\$
1,897	23	156	87	248	760
727			161	1,101	3,579
2,599					727
	230	1		579	2,605
					938
			4,476		887
5,735					4,476
					5,735
		328			115
				14	328
				69	14
					69
10,958	253	485	4,724	2,011	20,233
1,727					1,727
209					209
134					134
2,070					2,070
	9,201				9,201
	2,040				2,040
			85,305		85,305
52,415					52,415
					555
				215	215
52,415	11,241		85,305	215	149,731
65,443	11,494	485	90,029	2,226	172,034
11,121	1,191			4,618	35,872
455					455
85,774	7,480	4,298	(16,262)	6,420	222,978
97,350	8,671	4,298	(16,262)	11,038	259,305
\$ 162,793	\$ 20,165	\$ 4,783	\$ 73,767	\$ 13,264	\$ 431,339



All Enterprise Funds

Combining Statement of Revenues, Expenses and Changes in Retained Earnings

For the Year Ended June 30, 2001 (Expressed in Thousands)

	Fair Commission	Veterans' Home Purchase Board	Veterans' Memorial Stadium Commission
Operating Revenues:			
Charges for sales and services	\$ 3,505	\$	\$ 905
Interest and other investment income (loss), net		7,116	
Rentals		47	
Fees		48	
Other	109	26	88
Total Operating Revenues	3,614	7,237	993
Operating Expenses:			
Cost of sales and services			
General and administrative	1,197	564	294
Contractual services	2,558	79	607
Commodities	301	41	108
Depreciation	495	59	175
Tuition benefit payments			
Excess of present value of related benefits payable over tuition receipts			
Other	1		
Total Operating Expenses	4,552	743	1,184
Operating Income (Loss)	(938)	6,494	(191)
Nonoperating Revenues:			
Federal grant			
Revenue from counties			
Interest and other investment income, net	3	398	22
Other	103		
Total Nonoperating Revenues	106	398	22
Nonoperating Expenses:			
Loss on disposal of assets			
Interest and other fiscal charges	67		
Total Nonoperating Expenses	67		
Income (Loss) Before Operating Transfers	(899)	6,892	(169)
Operating Transfers In			
Operating Transfers Out	(19)		
Net Income (Loss)	(918)	6,892	(169)
Add Depreciation on Contributed Assets			
Increase (Decrease) in Retained Earnings	(918)	6,892	(169)
Retained Earnings July 1, as restated	17,414	110,397	1,942
Residual Equity Transfers Out	(244)		(46)
Retained Earnings (Deficit) June 30	\$ 16,252	\$ 117,289	\$ 1,727

		Department of Rehabilitation Services		State Treasurer			
Port Authority at Gulfport	Yellow Creek Inland Port Authority		Allied Enterprises	Prepaid Affordable College Tuition	Other	Totals	
\$ 17,617	\$ 748	\$ 10,773		\$ (82)	\$ 9,117	\$ 42,665	
	719				899	7,034	
				294		1,665	
				33		342	
3		38			107	404	
17,620	1,467	10,811		245	10,123	52,110	
		10,406			6,640	17,046	
2,393	322	5,561		248	3,161	13,740	
3,359	179	1,345		1,032	1,019	10,178	
576	18	52		63	936	2,095	
2,519	552				454	4,254	
				995		995	
				14,407		14,407	
		203			90	294	
8,847	1,071	17,567		16,745	12,300	63,009	
8,773	396	(6,756)		(16,500)	(2,177)	(10,899)	
	250					250	
1,194						1,194	
3,671	311	60			22	4,487	
					54	157	
4,865	561	60			76	6,088	
15					7	22	
3,019	28				16	3,130	
3,034	28				23	3,152	
10,604	929	(6,696)		(16,500)	(2,124)	(7,963)	
6,332		6,947			2,434	15,713	
(55)		(1,355)			(518)	(1,947)	
16,881	929	(1,104)		(16,500)	(208)	5,803	
346					89	435	
17,227	929	(1,104)		(16,500)	(119)	6,238	
69,002	6,551	5,402		238	6,812	217,758	
					(273)	(563)	
\$ 86,229	\$ 7,480	\$ 4,298	\$ (16,262)	\$ 6,420	\$ 223,433		

All Enterprise Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2001 (Expressed in Thousands)

	Fair Commission	Veterans' Home Purchase Board	Veterans' Memorial Stadium Commission
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ 3,821	\$ 53	\$ 905
Cash payments to suppliers for goods and services	(2,877)	(100)	(675)
Cash payments to employees for services	(1,194)	(544)	(284)
Cash payments for tuition			
Other operating cash receipts	1	74	88
Income received on tuition receipts			
Principal and interest received on program loans		17,403	
Issuance of program loans		(14,922)	
Net Cash Provided by (Used for) Operating Activities	(249)	1,964	34
Cash Flows from Noncapital Financing Activities:			
Operating transfers in			
Operating transfers out	(19)		
Residual equity transfers out	(244)		(46)
Operating grants received			
Revenues from counties			
Net Cash Provided by (Used for) Noncapital Financing Activities	(263)		(46)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets		(323)	(9)
Loans from other funds			
Principal paid on bonds and equipment contracts	(105)		
Interest paid on bonds and equipment contracts	(68)		
Net Cash Used for Capital and Related Financing Activities	(173)	(323)	(9)
Cash Flows from Investing Activities:			
Proceeds from sale of investments			123
Purchases of investments			(6)
Interest on investments	3	398	24
Net Cash Provided by (Used for) Investing Activities	3	398	141
Net Increase (Decrease) in Cash and Cash Equivalents	(682)	2,039	120
Cash and Cash Equivalents July 1	1,455	8,510	97
Cash and Cash Equivalents June 30	\$ 773	\$ 10,549	\$ 217

Port Authority at Gulfport	Yellow Creek Inland Port Authority	Department of Rehabilitation Services		State Treasurer		Other	Totals
		Allied Enterprises		Prepaid Affordable College Tuition			
\$ 17,164 (3,590) (2,261) 3	\$ 1,479 (209) (319)	\$ 10,811 (11,871) (5,516) 38	\$ 12,815 (1,050) (231) (995) 3,257	\$ 9,959 (8,484) (3,088) 107	\$ 57,007 (28,856) (13,437) (995) 311 3,257 17,403 (14,922)		
11,316	951	(6,538)	13,796	(1,506)	19,768		
2,335 (55)		6,947 (1,355)		2,418 (518) (273)	11,700 (1,947) (563) 250 1,194		
1,194	250						
3,474	250	5,592		1,627	10,634		
(8,939)	(3,451) 2,500			(241)	(12,963) 2,500		
(5,467) (3,105)	(280) (28)			(82) (16)	(5,934) (3,217)		
(17,511)	(1,259)			(339)	(19,614)		
49,779 (46,398) 3,445	526 (258) 326	60	30,484 (43,189)	22	80,912 (89,851) 4,278		
6,826	594	60	(12,705)	22	(4,661)		
4,105 5,919	536 1,251	(886) 4,030	1,091 1,928	(196) 3,349	6,127 26,539		
\$ 10,024	\$ 1,787	\$ 3,144	\$ 3,019	\$ 3,153	\$ 32,666		

(Continued on Next Page)

All Enterprise Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2001 (Expressed in Thousands)

(Continued from Previous Page)

	Fair Commission	Veterans' Home Purchase Board	Veterans' Memorial Stadium Commission
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating income (loss)	\$ (938)	\$ 6,494	\$ (191)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	495	59	175
Net depreciation in fair value of investments			
Change in assets and liabilities:			
(Increase) decrease in assets			
Accounts receivable, net	203	3	
Interest receivable on loans		(40)	
Due from other governments		3	
Interfund receivables	4		
Inventories			
Prepaid items			
Loans and notes receivable, net		(4,166)	
Increase (decrease) in liabilities			
Warrants payable	17	(383)	15
Accounts payable and accruals	(34)	(5)	35
Due to other governments	3	1	
Interfund payables	1	(1)	
Tuition benefits payable			
Deferred revenue		(1)	
Total adjustments	689	(4,530)	225
Net Cash Provided by (Used for) Operating Activities	\$ (249)	\$ 1,964	\$ 34

Noncash Capital and Related Financing and Investing Activities:

During the fiscal year ended June 30, 2001, Fair Commission received donated machinery and equipment of \$6,000 and received land and machinery and equipment of \$8,000 and \$13,000, respectively, from other state agencies. Port Authority at Gulfport received fixed assets related to construction in progress of \$3,997,000 from other state agencies. At June 30, 2001, Prepaid Affordable College Tuition's investments are reported at fair value, creating a noncash investment loss of \$3,690,000.

Port Authority at Gulfport	Yellow Creek Inland Port Authority	Department of Rehabilitation Services	State Treasurer	Other	Totals
		Allied Enterprises	Prepaid Affordable College Tuition		
\$ 8,773	\$ 396	\$ (6,756)	\$ (16,500)	\$ (2,177)	\$ (10,899)
2,519	552		3,690	454	4,254
(410)	13	133	9	2	(47)
(44)			(70)		(110)
		(36)		50	9
		39		(81)	(113)
(21)		(34)		(62)	(23)
				1	(54)
					(4,166)
			54	64	(233)
503	(10)	58	(324)	119	342
(4)		1			4
			26,937	124	121
		57			26,937
2,543	555	218	30,296	671	56
30,667					
\$ 11,316	\$ 951	\$ (6,538)	\$ 13,796	\$ (1,506)	\$ 19,768

Other Enterprise Funds

Combining Balance Sheet

June 30, 2001 (Expressed in Thousands)

	Department of Agriculture and Commerce		Department of Finance and Administration
	Farmers' Central Market Board	Agriculture and Forestry Museum	Office of Surplus Property
Assets:			
Current assets:			
Equity in internal investment pool	\$ 33	\$ 49	\$ 191
Cash and cash equivalents		117	
Accounts receivable, net	19		15
Due from other governments			65
Due from other funds			10
Due from component units			16
Inventories		9	226
Total Current Assets	52	175	523
Land	38	1,690	100
Buildings and improvements, net	718	2,912	65
Machinery and equipment, net	23	8	63
Total Assets	\$ 831	\$ 4,785	\$ 751
Liabilities:			
Current liabilities:			
Warrants payable	\$ 12	\$ 10	\$ 126
Accounts payable and accruals	27	59	65
Due to other funds			1
Notes payable	14		
Lease obligations payable, current portion			
Total Current Liabilities	53	69	192
Lease obligations payable, net of current portion			
Total Liabilities	53	69	192
Fund Equity:			
Contributed capital	8	4,604	
Retained earnings	770	112	559
Total Fund Equity	778	4,716	559
Total Liabilities and Fund Equity	\$ 831	\$ 4,785	\$ 751

Department of Corrections

Restaurants	Commissary	Prison Agricultural Enterprises	Totals
\$ 76	\$ 306	\$ 2,381	\$ 2,654
			499
			34
			65
28	529	163	730
			16
8	491	84	818
112	1,326	2,628	4,816
			1,828
		1,332	5,027
4	69	1,426	1,593
\$ 116	\$ 1,395	\$ 5,386	\$ 13,264
\$ 30	\$ 592	\$ 100	\$ 248
	578	328	1,101
			579
			14
		69	69
30	1,170	497	2,011
		215	215
30	1,170	712	2,226
6			4,618
80	225	4,674	6,420
86	225	4,674	11,038
\$ 116	\$ 1,395	\$ 5,386	\$ 13,264

Other Enterprise Funds

Combining Statement of Revenues, Expenses and Changes in Retained Earnings

For the Year Ended June 30, 2001 (Expressed in Thousands)

	Department of Agriculture and Commerce		Department of Finance and Administration
	Farmers' Central Market Board	Agriculture and Forestry Museum	Office of Surplus Property
Operating Revenues:			
Charges for sales and services	\$	\$ 99	\$ 589
Rentals	360	229	
Other	4		
Total Operating Revenues	364	328	589
Operating Expenses:			
Cost of sales and services		65	
General and administrative	235	466	491
Contractual services	112	365	174
Commodities	15	100	35
Depreciation	20	90	24
Other		9	
Total Operating Expenses	382	1,095	724
Operating Income (Loss)	(18)	(767)	(135)
Nonoperating Revenues:			
Interest			13
Other	26		28
Total Nonoperating Revenues	26		41
Nonoperating Expenses:			
Loss on disposal of assets			7
Interest	2		
Total Nonoperating Expenses	2		7
Income (Loss) Before Operating Transfers	6	(767)	(101)
Operating Transfers In		524	
Operating Transfers Out			
Net Income (Loss)	6	(243)	(101)
Add Depreciation on Contributed Assets		89	
Increase (Decrease) in Retained Earnings	6	(154)	(101)
Retained Earnings July 1, as restated	787	266	660
Residual Equity Transfers Out	(23)		
Retained Earnings June 30	\$ 770	\$ 112	\$ 559

Department of Corrections

Restaurants	Commissary	Prison Agricultural Enterprises	Totals
\$ 410	\$ 6,611	\$ 1,408	\$ 9,117
		310	899
62	35	6	107
472	6,646	1,724	10,123
348	4,752	1,475	6,640
56	1,149	764	3,161
24	32	312	1,019
53	180	553	936
1	20	299	454
	81		90
482	6,214	3,403	12,300
(10)	432	(1,679)	(2,177)
1	8		22
			54
1	8		76
			7
		14	16
		14	23
(9)	440	(1,693)	(2,124)
2		1,908	2,434
(5)	(495)	(18)	(518)
(12)	(55)	197	(208)
			89
(12)	(55)	197	(119)
92	280	4,727	6,812
		(250)	(273)
\$ 80	\$ 225	\$ 4,674	\$ 6,420

Other Enterprise Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2001 (Expressed in Thousands)

	Department of Agriculture and Commerce		Department of Finance and Administration
	Farmers' Central Market Board	Agriculture and Forestry Museum	Office of Surplus Property
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ 355	\$ 328	\$ 592
Cash payments to suppliers for goods and services	(132)	(508)	(142)
Cash payments to employees for services	(233)	(465)	(462)
Other operating cash receipts	4		
Net Cash Provided by (Used for) Operating Activities	(6)	(645)	(12)
Cash Flows from Noncapital Financing Activities:			
Operating transfers in		524	
Operating transfers out			
Residual equity transfers out	(23)		
Net Cash Provided by (Used for) Noncapital Financing Activities	(23)	524	
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets			
Principal paid on bonds and equipment contracts	(16)		
Interest paid on bonds and equipment contracts	(2)		
Net Cash Used for Capital and Related Financing Activities	(18)		
Cash Flows from Investing Activities:			
Interest on investments			13
Net Cash Provided by Investing Activities			13
Net Increase (Decrease) in Cash and Cash Equivalents	(47)	(121)	1
Cash and Cash Equivalents July 1	80	287	190
Cash and Cash Equivalents June 30	\$ 33	\$ 166	\$ 191

Department of Corrections

Restaurants	Commissary	Prison Agricultural Enterprises	Totals
\$ 415	\$ 6,537	\$ 1,732	9,959
(436)	(4,807)	(2,459)	(8,484)
(57)	(1,134)	(737)	(3,088)
62	35	6	107
(16)	631	(1,458)	(1,506)
2		1,892	2,418
(5)	(495)	(18)	(518)
		(250)	(273)
(3)	(495)	1,624	1,627
(2)	(39)	(200)	(241)
		(66)	(82)
		(14)	(16)
(2)	(39)	(280)	(339)
1	8		22
1	8		22
(20)	105	(114)	(196)
96	201	2,495	3,349
\$ 76	\$ 306	\$ 2,381	\$ 3,153

(Continued on Next Page)

Other Enterprise Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2001 (Expressed in Thousands)

(Continued from Previous Page)

	Department of Agriculture and Commerce		Department of Finance and Administration
	Farmers' Central Market Board	Agriculture and Forestry Museum	Office of Surplus Property
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating income (loss)	\$ (18)	\$ (767)	\$ (135)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	20	90	24
Change in assets and liabilities:			
(Increase) decrease in assets			
Accounts receivable, net	(5)		7
Due from other governments			50
Interfund receivables			(25)
Inventories		13	(28)
Prepaid items			
Increase (decrease) in liabilities			
Warrants payable	(2)	3	102
Accounts payable and accruals	(1)	16	(8)
Interfund payables			1
Total adjustments	12	122	123
Net Cash Provided by (Used for) Operating Activities	\$ (6)	\$ (645)	\$ (12)

Noncash Capital and Related Financing Activities:

During the fiscal year ended June 30, 2001, Office of Surplus Property and Farmers' Central Market Board received machinery and equipment of \$29,000 and \$26,000, respectively, from other state agencies. Agriculture and Forestry Museum received contributed capital of \$39,000. Prison Agricultural Enterprises entered into a capital lease agreement totaling \$120,000. Payments on the new lease included principal of \$10,000 and interest of \$4,000.

Department of Corrections

Restaurants	Commissary	Prison Agricultural Enterprises	Totals
\$ (10)	\$ 432	\$ (1,679)	\$ (2,177)
1	20	299	454
			2
			50
5	(75)	14	(81)
3	(65)	15	(62)
	1		1
		(39)	64
(15)	195	(68)	119
	123		124
(6)	199	221	671
\$ (16)	\$ 631	\$ (1,458)	\$ (1,506)

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Internal Service Funds

Internal service funds account for the operations of state agencies that provide services or goods to other state agencies or governmental units on a cost reimbursement basis.

Internal Service Funds Descriptions

Personnel Board - The **Personnel Board Fund** accounts for the expenses of establishing personnel policies, regulating the pay of state employees and testing and validating new hires. Revenues consist of assessments charged to state agencies based on the number of authorized positions.

Information Technology Services - The **Information Technology Services Fund** accounts for the centralized data processing and information devices, expenses related to planning and policies for the development of data processing capabilities and for the state's central telephone system, the universities' central telephone systems and other governmental units' telephone systems. Revenues consist of charges to user agencies, universities and governmental units for services and equipment. Other revenue consists of commissions from the usage of public utility companies' pay telephones located on state properties.

Department of Finance and Administration - The **Risk Management Fund** accounts for resources and transactions pertaining to the state's self-insured medical plan and life insurance program as mandated by state law to be offered to state and public education employees. Employees' premiums are funded by the state and local school districts with additional funding provided by retired employees and by active employees for spouse and dependent medical coverage. This fund also accounts for unemployment benefits paid to eligible former state employees and for resources and transactions pertaining to the state's self-insured workers' compensation program. Funding is provided by premiums collected from the state's operating fund and participating state agencies. In addition, the fund accounts for resources and transactions pertaining to the state's self-insured tort claims program. Funding is provided by assessment of state agencies. Tort claims filed against the state agencies and state employees are paid from this fund, as well as administrative expenses.



Internal Service Funds

Combining Balance Sheet

June 30, 2001 (Expressed in Thousands)

	<div> <div>Personnel Board</div> <div>Information Technology Services</div> <div>Department of Finance and Administration Risk Management</div> </div>			Totals
Assets:				
Current assets:				
Equity in internal investment pool	\$ 927	\$ 6,333	\$ 21,417	\$ 28,677
Cash and cash equivalents			1,508	1,508
Investments			59,888	59,888
Receivables, net:				
Accounts	2	41		43
Interest			242	242
Due from other governments	2	25		27
Due from other funds	122	2,312	644	3,078
Due from component units	2	110		112
Total Current Assets	1,055	8,821	83,699	93,575
Long-term investments			27,198	27,198
Machinery and equipment, net	21	3,879	29	3,929
Total Assets	\$ 1,076	\$ 12,700	\$ 110,926	\$ 124,702
Liabilities:				
Current liabilities:				
Warrants payable	\$ 147	\$ 1,507	\$ 369	\$ 2,023
Accounts payable and accruals	274	1,615	3,066	4,955
Due to other funds	39	29	216	284
Claims liability			126,424	126,424
Deferred revenues			1,299	1,299
Lease obligations payable, current portion		313		313
Total Current Liabilities	460	3,464	131,374	135,298
Lease obligations payable, net of current portion		202		202
Total Liabilities	460	3,666	131,374	135,500
Fund Equity:				
Retained earnings:				
Unreserved (deficit)	616	9,034	(20,448)	(10,798)
Total Liabilities and Fund Equity	\$ 1,076	\$ 12,700	\$ 110,926	\$ 124,702

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Retained Earnings

For the Year Ended June 30, 2001 (Expressed in Thousands)

			Department of Finance and Administration	
	Personnel Board	Information Technology Services	Risk Management	Totals
Operating Revenues:				
Charges for goods and services/premiums	\$ 5,182	\$ 25,862	\$ 417,453	\$ 448,497
Other		2,083	1	2,084
Total Operating Revenues	5,182	27,945	417,454	450,581
Operating Expenses:				
Personal services:				
Salaries, wages and fringe benefits	3,107	7,551	1,686	12,344
Travel	55	135	25	215
Contractual services	1,941	16,194	23,496	41,631
Commodities	295	1,081	112	1,488
Benefit payments			388,565	388,565
Depreciation	12	2,285	1	2,298
Total Operating Expenses	5,410	27,246	413,885	446,541
Operating Income (Loss)	(228)	699	3,569	4,040
Nonoperating Revenues:				
Interest and other investment income			6,759	6,759
Total Nonoperating Revenues			6,759	6,759
Nonoperating Expenses:				
Loss on disposal of assets		109		109
Interest		37		37
Total Nonoperating Expenses		146		146
Income (Loss) Before Operating Transfers	(228)	553	10,328	10,653
Operating Transfers In			353	353
Operating Transfer Out	(700)	(1,000)		(1,700)
Net Income (Loss)	(928)	(447)	10,681	9,306
Retained Earnings (Deficit) July 1, as restated	1,544	9,481	(31,129)	(20,104)
Retained Earnings (Deficit) June 30	\$ 616	\$ 9,034	\$ (20,448)	\$ (10,798)

Internal Service Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2001 (Expressed in Thousands)

	Department of Finance and Administration			
	Personnel Board	Information Technology Services	Risk Management	Totals
Cash Flows from Operating Activities:				
Cash receipts/premiums from quasi-external operating transactions with other funds	\$ 5,179	\$ 23,774	\$ 140,198	\$ 169,151
Cash receipts/premiums from customers	40	1,649	276,765	278,454
Cash payments to suppliers for goods and services	(2,320)	(16,393)	(22,517)	(41,230)
Cash payments to employees for services	(3,093)	(7,498)	(1,688)	(12,279)
Cash payments for benefits			(377,895)	(377,895)
Other operating cash receipts		2,083	1	2,084
Net Cash Provided by (Used for) Operating Activities	(194)	3,615	14,864	18,285
Cash Flows from Noncapital Financing Activities:				
Operating transfers in			248	248
Operating transfers out	(700)	(1,000)		(1,700)
Net Cash Provided by (Used for) Noncapital Financing Activities	(700)	(1,000)	248	(1,452)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(11)	(2,077)		(2,088)
Principal paid on capital lease contracts		(461)		(461)
Interest paid on capital lease contracts		(37)		(37)
Net Cash Used for Capital and Related Financing Activities	(11)	(2,575)		(2,586)
Cash Flows from Investing Activities:				
Proceeds from sale of investments			6,331	6,331
Purchases of investments			(20,200)	(20,200)
Interest and other investment income			5,229	5,229
Net Cash Used for Investing Activities			(8,640)	(8,640)
Net Increase (Decrease) in Cash and Cash Equivalents	(905)	40	6,472	5,607
Cash and Cash Equivalents July 1	1,832	6,293	16,453	24,578
Cash and Cash Equivalents June 30	\$ 927	\$ 6,333	\$ 22,925	\$ 30,185

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Internal Service Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2001 (Expressed in Thousands)

(Continued From Previous Page)

			Department of Finance and Administration	
	Personnel Board	Information Technology Services	Risk Management	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating income (loss)	\$ (228)	\$ 699	3,569	\$ 4,040
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	12	2,285	1	2,298
Changes in assets and liabilities:				
(Increase) decrease in assets				
Accounts receivable, net	(1)	40		39
Due from other governments		34		34
Interfund receivables	38	(516)	(71)	(549)
Increase (decrease) in liabilities				
Warrants payable	15	850	111	976
Accounts payable and accruals	(68)	194	1,002	1,128
Interfund payables	38	29	27	94
Claims liability			10,645	10,645
Deferred revenues			(420)	(420)
Total adjustments	34	2,916	11,295	14,245
Net Cash Provided by (Used for) Operating Activities	\$ (194)	\$ 3,615	\$ 14,864	\$ 18,285

Noncash Capital and Related Financing and Investing Activities:

During the fiscal year ended June 30, 2001, Information Technology Services entered into a capital lease agreement totaling \$342,000. Payments on the new lease included principal payments of \$80,000 and interest payments of \$11,000. Information Technology Services received machinery and equipment of \$292,000 from another state agency. At June 30, 2001, Risk Management's investments are reported at fair value, creating a noncash investment gain of \$1,530,000.

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Trust and Agency Funds

Trust and agency funds account for assets held by the state in a fiduciary capacity.

Significant Trust and Agency Funds Descriptions

Expendable Trust Funds

Public Employees' Retirement System - The **Deferred Compensation Plan Fund** accounts for deposits of gross compensation deferred by employees of the state and its political subdivisions. These deposits are invested until retirement, severance from public service, death or extreme hardship of the individual participants.

Employment Security Commission - The **Unemployment Compensation Fund** accounts for the collection of unemployment insurance taxes from employers and the payment of unemployment benefits to eligible claimants. Funds are also provided by the federal government and interest income. Administrative expenses incurred by the Employment Security Commission are accounted for in a special revenue fund.

State Treasurer – The **Affordable College Savings Fund** accounts for operations of a college savings program under Section 529 of the Internal Revenue Code. Funding is provided by participants' contributions and investment earnings.

Nonexpendable Trust Funds

State Treasurer - The **Education Improvement Trust Fund** collects mineral leases and royalties for oil and gas extracted from state-owned lands. The fund also collects the state's portion of severance taxes levied upon any person engaged in the business of severing or producing oil and gas within the state. The principal is required by state constitution to remain inviolate. Income derived from investment of the principal may be appropriated by the legislature for specific uses.

Pension Trust Funds

Public Employees' Retirement System - The **Public Employees' Retirement System Fund** provides retirement and disability benefits to substantially all employees of the state and its political subdivisions. Benefits are funded by contributions from the members, the state and political subdivisions and by investment income. The **Mississippi Highway Safety Patrol Retirement System Fund** provides retirement and disability benefits to uniformed officers of the Department of Public Safety. Benefits are funded by contributions from the members and the state and by investment income. The **Municipal Retirement Systems Fund** provides retirement and disability benefits to employees, firefighters and police officers of participating municipalities. Benefits are funded by contributions from the members and the municipalities and by investment income. The **Supplemental Legislative Retirement Plan Fund** provides retirement and disability benefits supplemental to the benefits of the Public Employees' Retirement System to all elected members of the legislature and the president of the senate. Benefits are funded by contributions from the members and the state and by investment income.



Agency Funds

The **Local Government Distributive Fund** serves as a clearing mechanism for funds distributed to the various counties and municipalities of the state. The **Program Fund** accounts for receipt of various taxes, refundable deposits, inventories, and other monies collected or recovered to be held until the state has the right or obligation to distribute them to state operating funds or to various entities or individuals. The **Institutional Fund** accounts for deposits to various institutional accounts and other receipts held by the state until there is proper authorization to disburse them directly to others.

Trust and Agency Funds

Combining Balance Sheet

June 30, 2001 (Expressed in Thousands)

	Trust			Agency	Totals
	Expendable	Nonexpendable	Pension		
Assets:					
Equity in internal investment pool	\$ 109	\$ 9,643	\$ 1,433	\$ 7,881	\$ 19,066
Cash and cash equivalents	3,537	2,617	225,103	9,294	240,551
Amount on deposit with U. S. Treasury	696,234				696,234
Investments	602,450	32,590	17,240,581	319	17,875,940
Receivables, net:					
Taxes	25,778				25,778
Investment proceeds			298,742		298,742
Interest and dividends	91	726	84,685	3	85,505
Contributions	3,125		50,460		53,585
Other	380		319	10,763	11,462
Due from other governments	1,510				1,510
Due from other funds	9,859	37	16	7,316	17,228
Due from component units	106				106
Commodity inventory				450	450
Loans to other funds	13				13
Land			508		508
Buildings, net			2,875		2,875
Land improvements, net			7		7
Machinery and equipment, net			304		304
Total Assets	\$ 1,343,192	\$ 45,613	\$ 17,905,033	\$ 36,026	\$ 19,329,864
Liabilities:					
Warrants payable	\$ 8	\$ 4	\$ 247	\$ 81	\$ 340
Accounts payable and accruals	4,255	17	726,902	637	731,811
Due to other governments	2,039			7,555	9,594
Due to other funds	333	91	7	14,382	14,813
Amounts held in custody for others			1,138	13,371	14,509
Obligations under securities lending			1,728,732		1,728,732
Deferred revenues	1,526				1,526
Total Liabilities	8,161	112	2,457,026	36,026	2,501,325
Fund Balances:					
Reserved for:					
Employees' pension benefits			15,448,007		15,448,007
Unemployment compensation benefits	727,702				727,702
Loans to other funds	13				13
Deferred compensation benefits and administrative expenses	606,418				606,418
Education and vocational training		36,600			36,600
Higher education	865				865
Memorial Burn Center and other		1,006			1,006
Wildlife Conservation		5,198			5,198
Unreserved:					
Undesignated	33	2,697			2,730
Total Fund Balances	1,335,031	45,501	15,448,007		16,828,539
Total Liabilities and Fund Balances	\$ 1,343,192	\$ 45,613	\$ 17,905,033	\$ 36,026	\$ 19,329,864



Expendable Trust Funds

Combining Balance Sheet

June 30, 2001 (Expressed in Thousands)

	Public Employees' Retirement System	Employment Security Commission	State Treasurer		
	Deferred Compensation Plan	Unemployment Compensation	Affordable College Savings	Other	Totals
Assets:					
Equity in internal investment pool	\$	\$	\$ 109	\$	\$ 109
Cash and cash equivalents	1,845	1,656	3	33	3,537
Amount on deposit with U. S. Treasury		696,234			696,234
Investments	601,532		918		602,450
Receivables, net:					
Taxes		25,778			25,778
Interest and dividends	88		3		91
Contributions	3,125				3,125
Other		366	14		380
Due from other governments		1,510			1,510
Due from other funds		9,859			9,859
Due from component units		106			106
Loans to other funds		13			13
Total Assets	\$ 606,590	\$ 735,522	\$ 1,047	\$ 33	\$ 1,343,192
Liabilities:					
Warrants payable	\$	\$	\$ 8	\$	\$ 8
Accounts payable and accruals	170	4,065	20		4,255
Due to other governments		2,039			2,039
Due to other funds	2	177	154		333
Deferred revenues		1,526			1,526
Total Liabilities	172	7,807	182		8,161
Fund Balances:					
Reserved for:					
Unemployment compensation benefits		727,702			727,702
Loans to other funds		13			13
Deferred compensation benefits and administrative expenses	606,418				606,418
Higher education			865		865
Unreserved:					
Undesignated				33	33
Total Fund Balances	606,418	727,715	865	33	1,335,031
Total Liabilities and Fund Balances	\$ 606,590	\$ 735,522	\$ 1,047	\$ 33	\$ 1,343,192

Expendable Trust Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2001 (Expressed in Thousands)

	<u>Public Employees' Retirement System</u>	<u>Employment Security Commission</u>	<u>State Treasurer</u>		
	Deferred Compensation Plan	Unemployment Compensation	Affordable College Savings	Other	Totals
Revenues:					
Taxes	\$	\$ 99,262	\$	\$	\$ 99,262
Federal government		2,902			2,902
Participant contributions	48,487		937		49,424
Interest and other investment income (loss), net	(29,132)	45,192	(2)		16,058
Other			1	1	2
Total Revenues	19,355	147,356	936	1	167,648
Expenditures:					
General government:					
Benefits	20,368				20,368
Administrative expenses	1,455				1,455
Health and social services:					
Benefits		151,249		7	151,256
Education:					
Benefits			15		15
Administrative expenses			56		56
Total Expenditures	21,823	151,249	71	7	173,150
Excess of Revenues over (under) Expenditures	(2,468)	(3,893)	865	(6)	(5,502)
Fund Balances July 1	608,886	731,608		39	1,340,533
Fund Balances June 30	\$ 606,418	\$ 727,715	\$ 865	\$ 33	\$ 1,335,031

Nonexpendable Trust Funds

Combining Balance Sheet

June 30, 2001 (Expressed in Thousands)

	State Treasurer Education Improvement Trust	Other	Totals
Assets:			
Current assets:			
Equity in internal investment pool	\$ 8,629	\$ 1,014	\$ 9,643
Cash and cash equivalents	1,019	1,598	2,617
Investments	7,902	4,111	12,013
Interest receivable	439	287	726
Due from other funds		37	37
Total Current Assets	17,989	7,047	25,036
Long-term investments	20,555	22	20,577
Total Assets	\$ 38,544	\$ 7,069	\$ 45,613
Liabilities:			
Warrants payable	\$ 4	\$	\$ 4
Accounts payable and accruals	17		17
Due to other funds	91		91
Total Liabilities	112		112
Fund Balances:			
Reserved for:			
Scholarships		20	20
Books and historical manuscripts		5	5
Education and vocational training	36,600		36,600
Memorial Burn Center		981	981
Wildlife Conservation		5,198	5,198
Unreserved	1,832	865	2,697
Total Fund Balances	38,432	7,069	45,501
Total Liabilities and Fund Balances	\$ 38,544	\$ 7,069	\$ 45,613

Nonexpendable Trust Funds

Combining Statement of Revenues, Expenses and Changes in Fund Balances

For the Year Ended June 30, 2001 (Expressed in Thousands)

	State Treasurer Education Improvement Trust	Other	Totals
Operating Revenues:			
Interest and other investment income, net	\$ 2,560	\$ 353	\$ 2,913
Fees		1,767	1,767
Oil and gas royalties and taxes	8,269		8,269
Donations	15	9	24
Total Operating Revenues	10,844	2,129	12,973
Operating Expenses:			
Administrative	77	32	109
Total Operating Expenses	77	32	109
Operating Income Before Operating Transfers	10,767	2,097	12,864
Operating Transfers Out	(1,586)		(1,586)
Net Income	9,181	2,097	11,278
Fund Balances July 1	29,251	4,972	34,223
Fund Balances June 30	\$ 38,432	\$ 7,069	\$ 45,501

Nonexpendable Trust Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2001 (Expressed in Thousands)

	State Treasurer Education Improvement Trust	Other	Totals
Cash Flows from Operating Activities:			
Cash payments to suppliers	\$ (71)	\$ (32)	\$ (103)
Other operating cash receipts	8,284	1,771	10,055
Net Cash Provided by Operating Activities	8,213	1,739	9,952
Cash Flows from Noncapital Financing Activities:			
Operating transfers out	(1,888)		(1,888)
Net Cash Used for Noncapital Financing Activities	(1,888)		(1,888)
Cash Flows from Investing Activities:			
Proceeds from sale of investments	12,768		12,768
Purchases of investments	(15,693)	(276)	(15,969)
Interest and other investment income	1,838	174	2,012
Net Cash Used for Investing Activities	(1,087)	(102)	(1,189)
Net Increase in Cash and Cash Equivalents	5,238	1,637	6,875
Cash and Cash Equivalents July 1	4,410	975	5,385
Cash and Cash Equivalents June 30	\$ 9,648	\$ 2,612	\$ 12,260

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:

Operating income	\$ 10,767	\$ 2,097	\$ 12,864
Adjustments to reconcile operating income to net cash provided by operating activities:			
Interest and other investment income	(1,838)	(174)	(2,012)
Net appreciation in fair value of investments	(684)		(684)
Changes in assets and liabilities:			
(Increase) decrease in assets			
Interest receivable	(38)	(179)	(217)
Interfund receivable		(5)	(5)
Increase (decrease) in liabilities			
Warrants payable	4		4
Accounts payable and accruals	2		2
Total adjustments	(2,554)	(358)	(2,912)
Net Cash Provided by Operating Activities	\$ 8,213	\$ 1,739	\$ 9,952

Noncash Capital and Related Financing Activities:

At June 30, 2001, the State Treasurer's investments are reported at fair value, creating a noncash investment gain of \$684,000.



Pension Trust Funds

Combining Statement of Plan Net Assets

June 30, 2001 (Expressed in Thousands)

	Public Employees' Retirement System	Mississippi Highway Safety Patrol Retirement System	Municipal Retirement Systems	Supplemental Legislative Retirement Plan	Totals
Assets:					
Equity in internal investment pool	\$ 1,433	\$	\$	\$	\$ 1,433
Cash and cash equivalents	218,138	3,335	3,513	117	225,103
Investments:					
Investments, at fair value	15,004,719	241,949	255,023	8,476	15,510,167
Securities lending	1,673,750	27,125	28,589	950	1,730,414
Receivables:					
Employer contributions	28,702				28,702
Employee contributions	21,345		413		21,758
Investment proceeds	289,007	4,660	4,912	163	298,742
Interest and dividends	81,926	1,321	1,392	46	84,685
Other	315		4		319
Due from other funds	16				16
Land	508				508
Buildings, net	2,875				2,875
Land improvements, net	7				7
Machinery and equipment, net	304				304
Total Assets	17,323,045	278,390	293,846	9,752	17,905,033
Liabilities:					
Warrants payable	247				247
Accounts payable and accruals	703,338	11,266	11,902	396	726,902
Due to other funds			7		7
Amounts held in custody for others	1,138				1,138
Obligations under securities lending	1,672,124	27,098	28,561	949	1,728,732
Total Liabilities	2,376,847	38,364	40,470	1,345	2,457,026
Net Assets Held in Trust for Pension Benefits	\$ 14,946,198	\$ 240,026	\$ 253,376	\$ 8,407	\$ 15,448,007



Agency Funds

Combining Balance Sheet

June 30, 2001 (Expressed in Thousands)

	Local Government Distributive	Program	Institutional	Totals
Assets:				
Equity in internal investment pool	\$ 745	\$ 7,136	\$	\$ 7,881
Cash and cash equivalents	346	4,348	4,600	9,294
Investments			319	319
Receivables, net:				
Interest			3	3
Other		10,720	43	10,763
Due from other funds	6,005	1,301	10	7,316
Commodity inventory		450		450
Total Assets	\$ 7,096	\$ 23,955	\$ 4,975	\$ 36,026
Liabilities:				
Warrants payable	\$ 36	\$ 45	\$	\$ 81
Accounts payable and accruals	628	9		637
Due to other governments	6,246	1,304	5	7,555
Due to other funds	186	13,095	1,101	14,382
Amounts held in custody for others		9,502	3,869	13,371
Total Liabilities	\$ 7,096	\$ 23,955	\$ 4,975	\$ 36,026

All Agency Funds

Combining Statement of Changes in Assets and Liabilities

For the Year Ended June 30, 2001 (Expressed in Thousands)

Fund	Assets						Total Assets
	Equity in Internal Investment Pool	Cash and Cash Equivalents	Investments	Receivables	Due from Other Funds	Commodity Inventory	
Local Government Distributive:							
Balance July 1, 2000	\$ 883	\$ 349	\$	\$	\$ 4,460	\$	\$ 5,692
Additions	27,782				6,023		33,805
Deductions	27,920	3			4,478		32,401
Balance June 30, 2001	745	346			6,005		7,096
Program:							
Balance July 1, 2000	8,945	5,224		11,172	3,685	34	29,060
Additions	39,069	23,903		3,678	1,301	9,625	77,576
Deductions	40,878	24,779		4,130	3,685	9,209	82,681
Balance June 30, 2001	7,136	4,348		10,720	1,301	450	23,955
Institutional:							
Balance July 1, 2000		4,701	312	46	10		5,069
Additions		58,163	268	182	10		58,623
Deductions		58,264	261	182	10		58,717
Balance June 30, 2001		4,600	319	46	10		4,975
Total - All Agency Funds:							
Balance July 1, 2000	9,828	10,274	312	11,218	8,155	34	39,821
Additions	66,851	82,066	268	3,860	7,334	9,625	170,004
Deductions	68,798	83,046	261	4,312	8,173	9,209	173,799
Balance June 30, 2001	\$ 7,881	\$ 9,294	\$ 319	\$ 10,766	\$ 7,316	\$ 450	\$ 36,026

	Liabilities					Total Liabilities
	Warrants Payable	Accounts Payable and Accruals	Due to Other Governments	Due to Other Funds	Amounts Held In Custody for Others	
Local Government Distributive:						
Balance July 1, 2000	\$ 52	\$ 293	\$ 5,131	\$ 216	\$	\$ 5,692
Additions	12,062	8,261	13,972	186		34,481
Deductions	12,078	7,926	12,857	216		33,077
Balance June 30, 2001	36	628	6,246	186		7,096
Program:						
Balance July 1, 2000	2,453	36	3,971	13,859	8,741	29,060
Additions	12,245	1,625	2,016	23,728	41,758	81,372
Deductions	14,653	1,652	4,683	24,492	40,997	86,477
Balance June 30, 2001	45	9	1,304	13,095	9,502	23,955
Institutional:						
Balance July 1, 2000		10	6	1,012	4,041	5,069
Additions			140	993	57,368	58,501
Deductions		10	141	904	57,540	58,595
Balance June 30, 2001		0	5	1,101	3,869	4,975
Total - All Agency Funds:						
Balance July 1, 2000	2,505	339	9,108	15,087	12,782	39,821
Additions	24,307	9,886	16,128	24,907	99,126	174,354
Deductions	26,731	9,588	17,681	25,612	98,537	178,149
Balance June 30, 2001	\$ 81	\$ 637	\$ 7,555	\$ 14,382	\$ 13,371	\$ 36,026



General Fixed Assets Account Group

The General Fixed Assets Account Group accounts for fixed assets acquired for general governmental purposes. These include all fixed assets except those accounted for in the proprietary and fiduciary fund types.

General Fixed Assets

Schedule of General Fixed Assets by Function

June 30, 2001 (Expressed in Thousands)

	Land	Buildings	Land Improvements	Machinery and Equipment	Total
General government	\$ 10,443	\$ 104,205	\$ 156	\$ 22,710	\$ 137,514
Education	224	7,362		44,748	52,334
Health and social services	5,430	206,825	3,302	59,177	274,734
Law, justice and public safety	4,427	512,026	10,783	55,803	583,039
Recreation and resources development	137,354	105,090	27,234	73,423	343,101
Regulation of business and professions		1,503	36	2,410	3,949
Transportation	10,044	65,870		118,157	194,071
Total General Fixed Assets					
Allocated to Functions	\$ 167,922	\$ 1,002,881	\$ 41,511	\$ 376,428	1,588,742
Construction in progress					300,196
Total General Fixed Assets					<u>\$ 1,888,938</u>

General Fixed Assets

Schedule of Changes in General Fixed Assets

For the Year Ended June 30, 2001 (Expressed in Thousands)

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
Land	\$ 89,820	\$ 79,150	\$ 1,048	\$ 167,922
Buildings	923,931	80,694	1,744	1,002,881
Land improvements	37,907	3,897	293	41,511
Machinery and equipment	351,506	50,670	25,748	376,428
Construction in progress	270,601	81,493	51,898	300,196
Total	\$ 1,673,765	\$ 295,904	\$ 80,731	\$ 1,888,938

General Fixed Assets

Schedule of Changes in General Fixed Assets by Function

For the Year Ended June 30, 2001 (Expressed in Thousands)

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
General government	\$ 124,529	\$ 16,218	\$ 3,233	\$ 137,514
Education	42,398	11,132	1,196	52,334
Health and social services	262,265	21,723	9,254	274,734
Law, justice and public safety	525,407	61,573	3,941	583,039
Recreation and resources development	258,926	88,844	4,669	343,101
Regulation of business and professions	3,977	322	350	3,949
Transportation	185,662	14,599	6,190	194,071
Total by Function	1,403,164	214,411	28,833	1,588,742
Construction in progress	270,601	81,493	51,898	300,196
Total	\$ 1,673,765	\$ 295,904	\$ 80,731	\$ 1,888,938

Component Units

Component Units are organizations which are legally separate from the state for which the state is financially accountable, or for which the nature and significance of their relationship with the state are such that exclusion would cause the state's financial statements to be misleading or incomplete. They are presented here in three separate reporting groups: governmental, proprietary and university fund types.

Component Units Descriptions

Governmental Fund Types

Pat Harrison Waterway District - The district accounts for resources used to bring about the full beneficial use of surface and overflow waters of the Pascagoula River Basin.

Pearl River Basin Development District - The district accounts for resources used to preserve, conserve, store and regulate the waters of the Pearl River and its tributaries and their overflows.

Pearl River Valley Water Supply District - The district accounts for the operation and maintenance of the Ross Barnett Reservoir and surrounding lands, to provide water supply, flood reduction and recreation opportunities.

Tombigbee River Valley Water Management District - The district accounts for the development and conservation of the human and natural resources of Mississippi counties in which the Tombigbee River or any of its tributaries lie.

Proprietary Fund Types

Mississippi Coast Coliseum Commission - The commission accounts for the promoting, developing, maintenance and operation of a multi-purpose coliseum and related facilities located in Harrison County, Mississippi.

Mississippi Business Finance Corporation - The corporation coordinates and oversees the delivery of services to small business communities of Mississippi.

Mississippi Development Bank - The bank fosters and promotes the provision of adequate markets and facilities for the borrowing of funds for public purposes by governmental units.

Mississippi Prison Industries Corporation - The corporation accounts for a printing and book bindery operation, a garment and glove operation, a woodworking operation, a metal fabrication operation and an equine tack operation. Revenue is generated from the charges for goods and services.

University Funds

Current Funds - The **Unrestricted Fund** accounts for currently expendable resources which may be either designated or not designated by the universities for specific purposes. The **Restricted Fund** accounts for resources restricted by the donor or external agency for a specific use or program.

Loan Fund - The fund accounts for resources provided by the federal government, private gifts and other university funds which are available for loans to students.

Endowment Fund - The fund accounts for resources which are invested in accordance with donor restrictions.



Plant Funds - The funds account for the various unexpended resources to finance the acquisition and/or repair or replacement of long-lived plant facilities, for renewal and replacement of those facilities constructed from bond proceeds which remain governed under a related bond indenture of trust, for the resources restricted to interest and principal payments and other debt service charges related to plant indebtedness and for all long-lived assets in the service of the universities and all construction in progress and their associated liabilities.

Agency Fund - The fund accounts for amounts held in custody for students, university-related organizations and others.

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Component Units

Combining Balance Sheet

June 30, 2001 (Expressed in Thousands)

	Governmental Funds		
	Pat Harrison Waterway District	Pearl River Basin Development District	Pearl River Valley Water Supply District
Assets:			
Equity in internal investment pool	\$	\$	\$
Cash and cash equivalents	2,004	231	3,897
Investments	495	3,204	1,579
Receivables, net	17		469
Due from other governments	65	203	
Due from other funds			
Due from primary government			
Inventories	7		
Prepaid items			
Loans and notes receivable, net			
Restricted assets:			
Cash and cash equivalents	598		
Investments	250		
Property, plant and equipment, net of depreciation where applicable	16,362	6,182	57,873
Deferred charges and other assets			
Amount available, designated for debt service	442		
Amounts to be provided for retirement of general long-term debt	1,262	38	1,334
Total Assets, Amounts Available and Amounts to be Provided for Retirement of General Long-Term Debt	<u>\$ 21,502</u>	<u>\$ 9,858</u>	<u>\$ 65,152</u>
Liabilities:			
Warrants payable	\$	\$	\$
Accounts payable and accruals	459	52	849
Due to other funds			
Due to primary government			
Amounts held in custody for others			
Deferred revenues			
Liabilities payable from restricted assets			
Revenue bonds and notes payable	2,768		
Lease obligations payable			
Other liabilities	136	39	1,335
Total Liabilities	<u>3,363</u>	<u>91</u>	<u>2,184</u>
Fund Equity and Other Credits:			
Investment in fixed assets	12,712	6,182	49,404
Contributed capital	1,499		8,967
Retained earnings:			
Reserved for Commission trust fund			
Unreserved	2,675		3,405
Fund balances:			
Reserved for:			
Encumbrances	51	11	
Capital improvements	428		
Research projects			
Student loans			
Endowments	277		
Land management		65	
Lower Pearl project		2,171	
Temporarily restricted funds			
Continuing education			
Bad debts			
Unreserved:			
Designated for debt service	442		
Designated for future capital projects			
Undesignated	55	1,338	1,192
Total Fund Equity and Other Credits	<u>18,139</u>	<u>9,767</u>	<u>62,968</u>
Total Liabilities and Fund Equity and Other Credits	<u>\$ 21,502</u>	<u>\$ 9,858</u>	<u>\$ 65,152</u>

Proprietary Funds								
Tombigbee River Valley Water Management District	Mississippi Coast Coliseum Commission	Mississippi Business Finance Corporation	Mississippi Development Bank	Mississippi Prison Industries Corporation	University	Totals		
\$	\$	\$	2	\$	\$	9,151	\$	9,153
4,000	439	1,439	373	562	337,804	350,749		
	3,086	10,353		690	260,260	279,667		
46	422	98		385	166,786	168,223		
53						321		
					62,935	62,935		
	4			106	32,483	32,593		
26				381	21,212	21,626		
	203			32	3,334	3,569		
					100,264	100,264		
						598		
	7,080					7,330		
17,192	29,886	18	65	2,315	2,078,164	2,208,057		
					28,957	28,957		
						442		
39						2,673		
\$	\$	\$	\$	\$	\$	\$	\$	
21,356	41,120	11,910	438	4,471	3,101,350	3,277,157		
\$	\$	\$	\$	\$	\$	\$	\$	
15	524	179		240	755	755		
					150,165	152,483		
					62,935	62,935		
					7,960	7,960		
	133				3,208	3,341		
	6				38,692	38,698		
	74					74		
	745				248,938	252,451		
	833				24,698	25,531		
40	77	260			17,016	18,903		
55	2,392	439		240	554,367	563,131		
17,192					1,806,840	1,892,330		
	15,285	4,995		297		31,043		
	7,000					7,000		
	16,443	6,476	438	3,934		33,371		
6					52,766	52,834		
						428		
					28,544	28,544		
					104,674	104,674		
					121,562	121,839		
						65		
						2,171		
					1,361	1,361		
					282	282		
					2,437	2,437		
					62,444	62,886		
					130,314	130,314		
4,103					235,759	242,447		
21,301	38,728	11,471	438	4,231	2,546,983	2,714,026		
\$	\$	\$	\$	\$	\$	\$		
21,356	41,120	11,910	438	4,471	3,101,350	3,277,157		

Component Units

Combining Balance Sheet University Funds

June 30, 2001 (Expressed in Thousands)

	Current Funds		Loan	Endowment and Similar
	Unrestricted	Restricted		
Assets:				
Equity in internal investment pool	\$ 9,151	\$	\$	\$
Cash and cash equivalents	183,889	12,570	9,640	12,617
Investments	98,564	202		102,507
Accounts receivable, net	94,278	68,343	411	1,758
Due from other funds	48,096	5,007	2	
Due from primary government	26,653	5,830		
Inventories	21,212			
Prepaid items	2,984	211		
Loans and notes receivable, net			95,204	
Land				
Buildings				
Land improvements				
Furniture, machinery and equipment	21			
Construction in progress				
Assets under capital lease				
Livestock				
Other assets	21,918			4,680
Total Assets	\$ 506,766	\$ 92,163	\$ 105,257	\$ 121,562
Liabilities:				
Warrants payable	\$ 755	\$	\$	\$
Accounts payable and accruals	121,336	19,512	16	
Due to other funds	21,757	40,676	292	
Due to primary government	7,960			
Deferred revenues	35,260	3,431		
Revenue bonds and notes payable				
Obligations under capital lease				
Amount held in custody for others				
Other liabilities	16,741		275	
Total Liabilities	203,809	63,619	583	
Fund Balances:				
Investment in fixed assets				
Reserved for:				
Encumbrances	52,766			
Research projects		28,544		
Student loans			104,674	
Endowments				121,562
Temporarily restricted funds	1,361			
Continuing education	282			
Bad debts	2,437			
Unreserved:				
Designated for debt service				
Designated for future capital projects	10,352			
Undesignated	235,759			
Total Fund Balances	302,957	28,544	104,674	121,562
Total Liabilities and Fund Balances	\$ 506,766	\$ 92,163	\$ 105,257	\$ 121,562

Plant Funds				Agency Fund	Totals
Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant		
\$	\$	\$	\$	\$	\$
92,120	15,016	7,743		4,209	9,151
23,403	31,328	4,256			337,804
1,783	15	76		122	260,260
5,273	4,123			434	166,786
					62,935
					32,483
					21,212
		133		6	3,334
5,060					100,264
			44,647		44,647
			1,096,870		1,096,870
			142,942		142,942
			524,556		524,577
			232,949		232,949
			36,179		36,179
			2,071		2,071
26			262		26,886
\$ 127,665	\$ 50,482	\$ 12,208	\$ 2,080,476	\$ 4,771	\$ 3,101,350
\$	\$	\$	\$	\$	\$
7,703	244	2		1,352	755
				210	150,165
					62,935
				1	7,960
			248,938		38,692
			24,698		248,938
				3,208	24,698
					3,208
					17,016
7,703	244	2	273,636	4,771	554,367
			1,806,840		1,806,840
					52,766
					28,544
					104,674
					121,562
					1,361
					282
					2,437
119,962	50,238	12,206			62,444
					130,314
					235,759
119,962	50,238	12,206	1,806,840		2,546,983
\$ 127,665	\$ 50,482	\$ 12,208	\$ 2,080,476	\$ 4,771	\$ 3,101,350

Component Units

Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances - Governmental Funds

For the Year Ended June 30, 2001 (Expressed in Thousands)

	Pat Harrison Waterway District	Pearl River Basin Development District	Pearl River Valley Water Supply District	Tombigbee River Valley Water Management District	Totals
Revenues:					
Licenses, fees and permits	\$	\$	\$ 1,198	\$	\$ 1,198
Federal government	21	337			358
Interest	63	166	35	209	473
Charges for sales and services		122	32		154
Rentals			2,720		2,720
Other	2,288	990	802	1,593	5,673
Total Revenues	2,372	1,615	4,787	1,802	10,576
Expenditures:					
Current:					
Recreation and resources development	1,428	1,029	4,692	1,550	8,699
Debt service:					
Principal	245		196		441
Interest and other fiscal charges	69		81		150
Total Expenditures	1,742	1,029	4,969	1,550	9,290
Excess of Revenues over (under)					
Expenditures	630	586	(182)	252	1,286
Transfer to primary government	(611)				(611)
Net income (loss) from proprietary operations	(412)		651		239
Fund Balances July 1	4,321	2,999	4,128	3,857	15,305
Fund Balances June 30	\$ 3,928	\$ 3,585	\$ 4,597	\$ 4,109	\$ 16,219



Component Units

Combining Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Funds

For the Year Ended June 30, 2001 (Expressed in Thousands)

	Mississippi Coast Coliseum Commission	Mississippi Business Finance Corporation	Mississippi Development Bank	Mississippi Prison Industries Corporation	Totals
Operating Revenues:					
Charges for sales and services	\$ 4,026	\$	\$	\$ 5,453	\$ 9,479
Fees		801	145		946
Other	3				3
Total Operating Revenues	4,029	801	145	5,453	10,428
Operating Expenses:					
Costs of sales and services				2,652	2,652
General and administrative	4,758	917	10	2,162	7,847
Depreciation	1,291	5	1	265	1,562
Other		47			47
Total Operating Expenses	6,049	969	11	5,079	12,108
Operating Income (Loss)	(2,020)	(168)	134	374	(1,680)
Nonoperating Revenues	662	619	5	58	1,344
Nonoperating Expenses	(36)	(5)		(30)	(71)
Net Income (Loss)	(1,394)	446	139	402	(407)
Retained Earnings July 1, as restated	24,837	6,030	299	3,532	34,698
Retained Earnings June 30	\$ 23,443	\$ 6,476	\$ 438	\$ 3,934	\$ 34,291

Component Units

Combining Statement of Cash Flows - Proprietary Funds

For the Year Ended June 30, 2001 (Expressed in Thousands)

	Mississippi Coast Coliseum Commission	Mississippi Business Finance Corporation	Mississippi Development Bank	Mississippi Prison Industries Corporation	Totals
Cash Flows from Operating Activities:					
Cash receipts from customers	\$ 3,975	\$ 833	\$ 145	\$ 5,290	\$ 10,243
Cash payments to suppliers for goods and services	(3,238)	(105)	(10)	(3,300)	(6,653)
Cash payments to employees for services	(1,774)	(785)		(1,104)	(3,663)
Other operating cash receipts	3				3
Other operating cash payments		(41)			(41)
Net Cash Provided by (Used for) Operating Activities	(1,034)	(98)	135	886	(111)
Cash Flows from Noncapital Financing Activities:					
Operating transfers to primary government		(3)			(3)
Other noncapital financing cash payments				(30)	(30)
Net Cash Used for Noncapital Financing Activities		(3)		(30)	(33)
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(1,854)		(66)	(481)	(2,401)
Proceeds from sale of capital assets				18	18
Proceeds from capital leases	845				845
Proceeds from notes payable	745				745
Principal paid on bonds and equipment contracts	(12)				(12)
Interest paid on bonds and equipment contracts	(30)				(30)
Net Cash Used for Capital and Related Financing Activities	(306)		(66)	(463)	(835)
Cash Flows from Investing Activities:					
Proceeds from sales of investments	523	19,241		2,350	22,114
Purchases of investments		(19,869)		(2,546)	(22,415)
Interest on investments	724	650	5	47	1,426
Net Cash Provided by (Used for) Investing Activities	1,247	22	5	(149)	1,125
Net Increase (Decrease) in Cash and Cash Equivalents	(93)	(79)	74	244	146
Cash and Cash Equivalents July 1, as restated	532	1,520	299	318	2,669
Cash and Cash Equivalents June 30	\$ 439	\$ 1,441	\$ 373	\$ 562	\$ 2,815

(Continued on Next Page)

Component Units

Combining Statement of Cash Flows - Proprietary Funds

For the Year Ended June 30, 2001 (Expressed in Thousands)

(Continued from Previous Page)

	Mississippi Coast Coliseum Commission	Mississippi Business Finance Corporation	Mississippi Development Bank	Mississippi Prison Industries Corporation	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Operating income (loss)	\$ (2,020)	\$ (168)	\$ 134	\$ 374	\$ (1,680)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	1,291	5	1	265	1,562
Changes in assets and liabilities:					
(Increase) Decrease in Assets					
Accounts receivable, net	(54)			(99)	(153)
Interfund receivables	(4)			(60)	(64)
Inventories				343	343
Prepaid items	(73)			(4)	(77)
Increase (Decrease) in Liabilities					
Accounts payable and accruals	(180)	60		67	(53)
Deferred revenue	6				6
Other liabilities		5			5
Total Adjustments	986	70	1	512	1,569
Net Cash Provided by (Used for) Operating Activities	\$ (1,034)	\$ (98)	\$ 135	\$ 886	\$ (111)

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Statistical and Economic Data

The accompanying statistical tables of the state of Mississippi reflect social and economic data to allow a broader understanding of the environment in which the state operates, as well as historical perspectives and financial trends to assess the fiscal capacity of state government. Statistical tables differ from financial statements because they usually cover more than one fiscal year and present certain nonaccounting data.



Expenditures by Function

All Governmental Fund Types

Table I

For the Last Ten Fiscal Years (Expressed in Thousands)

Function	2001	2000	1999	1998
General government	\$ 1,046,103	\$ 1,034,840	\$ 973,084	\$ 919,048
Education	2,265,034	2,224,058	2,017,162	1,907,632
Health and social services	3,587,400	3,138,724	2,843,194	2,715,471
Law, justice and public safety	528,874	471,444	461,383	408,957
Recreation and resources development	389,912	334,666	304,507	304,795
Regulation of business and professions	28,815	27,864	25,820	24,007
Transportation	756,564	881,051	815,496	749,466
Debt service	289,843	264,282	222,653	193,392
Capital outlay	80,921	110,072	78,014	84,883
Total Expenditures - All Governmental Fund Types	\$ 8,973,466	\$ 8,487,001	\$ 7,741,313	\$ 7,307,651

Source: Mississippi Comprehensive Annual Financial Report, GAAP Basis

Note: Governmental Fund Types of the primary government are described in Note 1C of the Notes to the Financial Statements.

Revenues by Source

All Governmental Fund Types

Table II

For the Last Ten Fiscal Years (Expressed in Thousands)

Source	2001	2000	1999	1998
State taxes	\$ 4,453,359	\$ 4,431,550	\$ 4,255,102	\$ 4,023,265
Licenses, fees and permits	390,216	370,980	347,498	322,081
Federal government	3,538,494	3,098,013	2,865,653	2,765,550
Interest and other investment income, net	115,055	175,799	143,488	124,338
Charges for sales and services	259,090	256,976	235,310	234,250
Rentals	15,047	12,896	13,211	10,396
Court assessments and settlements	245,114	199,792	110,231	348
Other	242,968	241,421	233,325	393,904
Total Revenues - All Governmental Fund Types	\$ 9,259,343	\$ 8,787,427	\$ 8,203,818	\$ 7,874,132

Source: Mississippi Comprehensive Annual Financial Report, GAAP Basis

Note: Governmental Fund Types of the primary government are described in Note 1C of the Notes to the Financial Statements.

State Tax Revenues by Source

All Governmental Fund Types

Table III

For the Last Ten Fiscal Years (Expressed in Thousands)

Source	2001	2000	1999	1998
Sales and use	\$ 2,322,787	\$ 2,295,463	\$ 2,212,773	\$ 2,059,249
Gasoline and other motor fuel	399,358	411,618	397,262	392,260
Privilege	69,104	87,509	76,717	66,290
Motor vehicle registration	28,940	26,691	26,195	28,023
Individual income	1,021,549	1,007,752	942,027	894,790
Alcoholic beverage	45,518	45,826	44,987	43,261
Corporate income and franchise	276,263	293,658	298,464	280,361
Severance	48,187	26,388	18,845	29,573
Inheritance	28,666	22,183	30,308	21,471
Tobacco	54,496	56,544	57,486	57,344
Insurance	121,995	116,823	110,938	112,207
Nuclear power	18,041	21,959	20,000	20,000
Other	18,455	19,136	19,100	18,436
Total Tax Revenues - All Governmental Fund Types	\$ 4,453,359	\$ 4,431,550	\$ 4,255,102	\$ 4,023,265

Source: Mississippi Comprehensive Annual Financial Report, GAAP Basis

Note: Governmental Fund Types of the primary government are described in Note 1C of the Notes to the Financial Statements.

	1997	1996	1995	1994	1993	1992
\$	858,218	\$ 817,625	\$ 727,065	\$ 616,453	\$ 555,839	\$ 534,695
	1,765,476	1,793,100	1,677,577	1,479,242	1,389,598	1,338,587
	2,736,515	2,633,871	2,583,972	2,393,508	2,226,713	2,096,952
	381,929	339,796	282,667	258,928	199,389	187,192
	266,633	249,433	228,555	204,695	182,746	184,081
	22,518	22,734	22,319	20,240	18,406	18,399
	694,895	651,044	532,217	497,877	507,738	502,580
	174,787	134,406	214,495	107,682	105,784	113,027
	86,435	126,592	56,134	11,330	22,797	18,047
\$	6,987,406	\$ 6,768,601	\$ 6,325,001	\$ 5,589,955	\$ 5,209,010	\$ 4,993,560

	1997	1996	1995	1994	1993	1992
\$	3,742,013	\$ 3,563,533	\$ 3,351,746	\$ 3,126,925	\$ 2,859,833	\$ 2,494,487
	298,158	270,438	250,994	208,240	153,971	98,946
	2,778,514	2,729,566	2,717,589	2,518,279	2,390,803	2,280,181
	122,271	122,682	112,186	52,194	34,185	44,373
	212,532	194,764	184,284	186,888	183,798	171,041
	9,142	10,591	10,175	9,185	6,990	6,470
	210	2,732		153	106	2,633
	219,429	182,740	216,057	181,990	167,142	134,155
\$	7,382,269	\$ 7,077,046	\$ 6,843,031	\$ 6,283,854	\$ 5,796,828	\$ 5,232,286

	1997	1996	1995	1994	1993	1992
\$	1,920,884	\$ 1,847,589	\$ 1,721,214	\$ 1,585,132	\$ 1,410,372	\$ 1,174,950
	358,866	354,104	347,015	339,876	319,670	307,135
	65,288	67,630	57,060	58,197	55,317	37,993
	25,406	24,700	23,949	23,951	23,111	22,560
	790,805	730,035	663,292	630,168	571,860	499,196
	42,530	41,270	41,667	41,291	38,483	38,437
	292,827	262,728	264,638	219,838	210,896	189,459
	31,841	29,057	28,059	32,387	41,666	42,322
	12,638	14,208	12,513	10,886	9,411	11,235
	57,201	55,121	57,483	54,498	53,025	51,995
	107,224	101,472	100,043	97,215	93,677	90,467
	20,000	20,000	20,000	19,999	20,001	20,000
	16,503	15,619	14,813	13,487	12,344	8,738
\$	3,742,013	\$ 3,563,533	\$ 3,351,746	\$ 3,126,925	\$ 2,859,833	\$ 2,494,487

Net General Long-term Bonded Debt Per capita

For the Last Ten Fiscal Years

Table IV

Fiscal Year	Population	General Long-term Bonded Debt (Expressed in Thousands)			Net General Long-term Debt Per capita
		Principal Outstanding	Less: Debt Service Fund	Net	
2001	2,790,000	\$ 2,274,822	\$ 116,724	\$ 2,158,098	\$ 774
2000	2,790,000	2,014,076	95,068	1,919,008	688
1999	2,770,000	1,883,255	80,474	1,802,781	651
1998	2,750,000	1,595,044	30,795	1,564,249	569
1997	2,730,000	1,361,693	37,635	1,324,058	485
1996	2,710,000	1,205,498	30,473	1,175,025	434
1995	2,690,000	981,058	26,881	954,177	355
1994	2,660,000	824,151	124,462	699,689	263
1993	2,640,000	677,906	126,609	551,297	209
1992	2,610,000	634,933	133,919	501,014	192

Source: Population -- Mississippi Econometric Model

General Long-term Bonded Debt -- State Treasurer

Debt Service Funds Available -- Mississippi Comprehensive Annual Financial Report, GAAP Basis

Notes:

(1) Total general long-term bonded debt and notes exclude general obligation bonds payable from enterprise and university funds.

(2) Debt service fund represents the amount available, designated for debt service as reflected in the Mississippi Comprehensive Annual Financial Report.

Ratio of Annual Debt Service for General Long-term Bonded Debt to Total Revenues and Expenditures

For the Last Ten Fiscal Years (Expressed in Thousands)

Table V

Fiscal Year	Total Debt Service	Revenues	Ratio	Expenditures	Ratio
2001	\$ 289,843	\$ 9,259,343	3.1 %	\$ 8,973,466	3.2 %
2000	264,282	8,787,427	3.0	8,487,001	3.1
1999	222,653	8,203,818	2.7	7,741,313	2.9
1998	193,392	7,874,132	2.5	7,307,651	2.6
1997	170,630	7,382,820	2.3	6,987,406	2.4
1996	134,406	7,077,046	1.9	6,768,601	2.0
1995	127,283	6,843,031	1.9	6,325,001	2.0
1994	107,682	6,283,854	1.7	5,589,955	1.9
1993	105,784	5,796,829	1.8	5,209,011	2.0
1992	108,611	5,232,286	2.1	4,993,561	2.2

Source: Total Debt Service, Revenues and Expenditures -- Mississippi Comprehensive Annual Financial Report, GAAP Basis

Note: Total debt service represents principal and interest paid on general and limited obligation bonds.

Computation of Legal Debt Margin

June 30, 2001 (Expressed in Thousands)

Table VI

Legal debt limit (1 1/2 times revenue collected during any one of the four preceding years, whichever is higher) (1)	\$	7,994,129
Amount of debt applicable to debt limit (2)	\$	2,274,822
Less: amounts available for debt service		<u>116,724</u>
Net amount of debt applicable to debt limit		<u>2,158,098</u>
Legal Debt Margin	\$	<u>5,836,031</u>

Notes:

- (1) The state's constitutional debt limit is established under Section 115 of the Mississippi Constitution at one and one-half times the sum of all revenues collected by the state during any one of the four preceding fiscal years, whichever may be higher. Revenues included in the forgoing debt limitation computation are restricted by current practice to the following governmental fund revenues: taxes, licenses, fees and permits, investment income, rental income, service charges (including net income from the sale of alcoholic beverages), fines, forfeits, and penalties. Defined revenues for the four preceding years were:

Fiscal Year	Applicable Governmental Fund Revenues
2000	\$ 5,329,419
1999	5,084,812
1998	4,758,675
1997	4,454,101

- (2) The legal debt limit applies to total general long-term bonded debt which excludes general obligation bonds payable from enterprise and university funds and short-term general obligation notes payable from the general fund.

Revenue Bond Coverage

For the Last Ten Fiscal Years (Expressed in Thousands)

Table VII

MISSISSIPPI FAIR COMMISSION

Fiscal Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
2001	\$ 3,614	\$ 4,057	\$ (443)	\$ 105	\$ 67	\$ 172	-
2000	3,877	3,740	137	95	76	171	.80
1999	3,936	3,489	447	90	84	174	2.57
1998	3,599	3,384	215	85	92	177	1.21
1997	3,703	3,327	376	80	100	180	2.09
1996	3,580	3,087	493	75	107	182	2.71
1995	3,390	2,983	407	70	112	182	2.24
1994	3,274	2,936	338	65	118	183	1.85
1993	2,840	2,775	65	60	123	183	.36
1992	2,803	2,724	79	55	128	183	.43

Source: Mississippi Comprehensive Annual Financial Report, GAAP Basis

Notes:

- (1) Total operating revenues.
(2) Total operating expenses exclusive of interest and depreciation.

MISSISSIPPI

Demographic Statistics

For the Last Ten Calendar Years

Table VIII

Calendar Year	Population	Per capita Income (Current \$)	Public School Enrollment	Unemployment Rate
2000	2,790,000	21,435	499,362	5.7 %
1999	2,770,000	20,686	502,379	5.1
1998	2,750,000	20,018	504,792	5.4
1997	2,730,000	18,887	503,967	5.7
1996	2,710,000	18,043	503,602	6.1
1995	2,690,000	17,190	503,301	6.1
1994	2,660,000	16,552	503,374	6.6
1993	2,640,000	15,466	504,229	6.4
1992	2,610,000	14,712	501,577	8.2
1991	2,590,000	13,807	500,122	8.7

Source: Population -- Mississippi Econometric Model

Per capita Income -- Mississippi Econometric Model

Public School Enrollment -- Kindergarten - Grade 12 -- Academic Year -- Mississippi State Department of Education

Unemployment Rate -- Mississippi Employment Security Commission

Economic Characteristics

For the Last Ten Calendar Years (Expressed in Thousands)

Table IX

Calendar Year	Gross State Product (Current \$)	Gross State Product (Inflation- Adjusted \$)	Personal Income (Current \$)	Personal Income (Inflation- Adjusted \$)	Average Annual Consumer Price Index
2000	\$ 67,540,000	\$ 39,221,800	\$ 59,717,000	\$ 34,678,900	172.2
1999	64,815,000	38,904,600	57,273,000	34,377,600	166.6
1998	62,015,000	38,046,000	55,075,000	33,788,300	163.0
1997	59,291,000	36,941,400	51,601,000	32,150,200	160.5
1996	56,309,000	35,888,500	48,898,000	31,165,100	156.9
1995	54,397,000	35,693,600	46,241,000	30,341,900	152.4
1994	51,260,000	34,588,400	44,077,000	29,741,600	148.2
1993	47,356,000	32,772,300	40,767,000	28,212,500	144.5
1992	44,218,000	31,516,700	38,398,000	27,368,500	140.3
1991	41,306,000	30,327,500	35,775,000	26,266,500	136.2

Source: Gross State Product (GSP) -- Mississippi Econometric Model

Gross State Product (Inflation Adjusted) -- GSP divided by Average Annual Consumer Price Index (CPI)

Personal Income (PI) -- Mississippi Econometric Model

Personal Income (Inflation Adjusted) -- PI divided by CPI

Average Annual Consumer Price Index -- U.S. Department of Labor, Bureau of Labor Statistics

Bank Deposits, Retail Sales, Median Household Disposable Income

For the Last Ten Calendar Years (Expressed in Thousands)

Table X

Calendar Year	Bank Deposits	Retail Sales	Median Household Disposable (Aftertax) Income
2000	\$ 26,937,543	\$ 34,501,862	\$ 28
1999	23,389,129	33,382,785	28
1998	22,546,393	30,670,175	27
1997	25,851,444	28,677,726	26
1996	24,802,701	24,643,485	25
1995	23,960,825	25,796,258	24
1994	22,832,705	24,059,806	27
1993	20,493,525	21,240,615	25
1992	19,700,197	19,778,000	23
1991	19,068,256	19,108,000	22

Source: Bank Deposits -- Mississippi Department of Banking and Consumer Finance

Retail Sales -- Mississippi State Tax Commission

Median Household Disposable (Aftertax) Income -- Sales and Marketing Management, Survey of Buying Power

Principal Industrial Employers

(Ranked by Number of Employees)

Table XI

Company	Number of Plants	Number of Employees
Northrop Grumman	3	10,863
Sanderson Farms, Inc.	8	4,701
Howard Industries, Inc.	4	4,310
Friede Goldman Halter	7	4,126
Tyson Foods, Inc.	6	3,786
La-Z-Boy Chair Company	10	3,401
Choctaw Maid Farms	4	3,345
Lennox International	3	3,322
Furniture Brands International	4	3,309
Georgia-Pacific Corporation	20	2,985
Peco Farms, Inc.	8	2,930
Sara Lee Corporation	3	2,675
BCR Foods	3	2,647
Delphi Automotive System	3	2,454
Peavey Electronics Corporation	4	2,345
International Paper Company	11	2,274
Ashley Furniture	2	1,988
Weyerhaeuser Company	12	1,833
Lifestyle Furnishings International	6	1,769
Leggett & Platt, Inc.	13	1,761
Franklin Corporation	1	1,440
Cooper Tire & Rubber	2	1,439
W. G. Yates & Sons	5	1,413
Sunbeam Corporation	3	1,407
Tecumseh Products	3	1,342

Source: Mississippi Development Authority

Population and Employment

For the Last Ten Calendar Years

Table XII

Selected Indicators	2000	1999	1998
Population	2,790,000	2,770,000	2,750,000
Employed	1,251,100	1,203,000	1,199,200
Unemployed	75,300	64,500	68,200
Total Labor Force	1,326,400	1,267,500	1,267,400
Mississippi Unemployment Rate	5.7%	5.1%	5.4%
U.S. Unemployment Rate	4.0%	4.2%	4.5%

Source: Population -- Mississippi Econometric Model
 Employed, Unemployed, Mississippi Unemployment Rate -- Mississippi Employment Security Commission
 U.S. Unemployment Rate -- U. S. Department of Labor, Bureau of Labor Statistics

Mississippi Average Annual Employment by Sector

For the Last Ten Calendar Years

Table XIII

Sector	2000	1999	1998
Agriculture	33,200	36,300	36,300
Construction	55,400	55,500	54,400
Finance, insurance and real estate	42,700	42,900	42,500
Government	234,500	227,100	223,400
Manufacturing	233,900	243,900	245,500
Mining	4,400	5,000	6,300
Services	272,700	268,900	262,600
Transportation and public utilities	56,800	55,800	53,800
Wholesale and retail trade	256,800	254,200	245,200

Source: Mississippi Employment Security Commission - Establishment Based Employment

Mississippi Average Annual Wages by Sector

For the Last Ten Calendar Years

Table XIV

Sector	2000	1999	1998
Agriculture	\$ 19,239	\$ 18,859	\$ 18,064
Construction	27,705	26,937	26,508
Finance, insurance and real estate	32,252	30,460	30,005
Government	23,829	23,043	22,463
Manufacturing	28,496	27,630	26,712
Mining	38,404	40,171	36,794
Retail trade	14,736	14,500	14,003
Services	24,508	23,489	22,870
Transportation and public utilities	34,910	33,210	32,721
Wholesale trade	33,399	32,532	31,466

Source: Mississippi Employment Security Commission - Establishment Based Employment

1997	1996	1995	1994	1993	1992	1991
2,730,000	2,710,000	2,690,000	2,660,000	2,640,000	2,610,000	2,590,000
1,189,800	1,180,200	1,180,000	1,169,800	1,138,200	1,093,700	1,086,000
72,500	77,000	77,000	82,900	78,300	97,700	104,100
1,262,300	1,257,200	1,257,000	1,252,700	1,216,500	1,191,400	1,190,100
5.7%	6.1%	6.1%	6.6%	6.4%	8.2%	8.7%
4.9%	5.4%	5.6%	6.1%	6.9%	7.5%	6.8%

1997	1996	1995	1994	1993	1992	1991
35,800	38,200	41,400	38,300	40,300	39,800	35,700
50,900	48,600	45,400	43,500	39,600	35,400	34,800
41,700	40,900	40,000	39,700	38,800	38,400	38,700
219,000	216,800	214,700	213,700	210,100	207,900	203,900
241,800	245,600	257,800	261,000	255,700	251,900	246,900
5,900	5,300	4,900	5,100	5,200	5,200	5,700
256,300	246,100	232,400	224,700	196,700	175,500	165,800
53,000	52,800	51,100	48,600	46,300	45,000	45,000
238,400	232,900	228,200	219,400	209,800	201,000	196,800

1997	1996	1995	1994	1993	1992	1991
\$ 17,318	\$ 16,501	\$ 16,153	\$ 15,276	\$ 14,457	\$ 14,395	\$ 13,758
24,369	23,294	22,188	21,928	20,782	19,961	19,237
28,030	26,707	25,916	24,748	24,112	23,198	21,546
21,703	20,731	19,923	18,965	18,156	17,540	17,410
25,584	24,323	23,301	22,593	21,768	21,119	20,022
34,674	31,661	30,025	29,175	27,829	27,367	26,245
13,333	12,635	12,181	11,805	11,370	11,113	10,620
21,980	21,222	20,569	19,416	18,713	18,302	17,718
32,041	30,406	29,520	28,983	27,952	27,710	26,285
29,636	28,387	27,367	26,523	25,547	24,968	23,862

Public School Enrollment

For the Last Ten Academic Years

Table XV

Grade	2000/2001	1999/2000	1998/1999	1997/1998
Kindergarten	39,055	39,455	41,057	40,667
Grades 1-3	121,810	124,176	124,759	123,254
Grades 4-6	118,450	116,155	113,584	112,996
Grades 7-9	114,885	115,585	116,913	120,205
Grades 10-12	89,796	90,947	91,783	92,183
Special Education	12,562	13,044	14,283	15,487
Total Enrollment	496,558	499,362	502,379	504,792

Source: Mississippi State Department of Education

Full-time Equivalent Student Enrollment - Community and Junior Colleges

For the Last Ten Academic Years

Table XVI

Community and Junior College	2000/2001	1999/2000	1998/1999	1997/1998
Coahoma Community College	1,418	1,317	1,336	1,458
Copiah-Lincoln Community College	3,272	3,086	2,967	3,047
East Central Community College	3,312	2,605	2,518	2,463
East Mississippi Community College	3,121	2,848	3,033	2,725
Hinds Community College	10,976	10,943	10,361	10,635
Holmes Community College	3,328	3,089	2,466	2,854
Itawamba Community College	4,075	3,946	3,965	3,820
Jones County Junior College	5,572	5,016	5,465	5,133
Meridian Community College	3,183	3,077	3,132	3,271
Mississippi Delta Community College	3,419	5,242	4,208	3,597
Mississippi Gulf Coast Community College	9,140	10,054	10,124	9,965
Northeast Mississippi Community College	4,353	4,792	4,366	4,416
Northwest Mississippi Community College	5,127	5,074	5,083	5,247
Pearl River Community College	3,245	3,291	3,264	2,967
Southwest Mississippi Community College	2,083	2,066	2,022	1,997
Total Community and Junior Colleges	65,624	66,446	64,310	63,595

Source: Mississippi State Board for Community and Junior Colleges

Full-time Equivalent Student Enrollment - Universities

For the Last Ten Academic Years

Table XVII

University	2000/2001	1999/2000	1998/1999	1997/1998
Alcorn State University	2,936	2,871	2,860	2,847
Delta State University	3,916	4,086	4,048	4,085
Jackson State University	6,832	6,354	6,292	6,333
Mississippi State University	16,561	16,076	15,718	15,645
Mississippi University for Women	2,815	2,953	3,314	3,309
Mississippi Valley State University	2,687	2,509	2,445	2,253
University of Mississippi	12,234	11,746	11,443	11,301
University of Southern Mississippi	14,509	14,350	14,533	14,593
Total Universities	62,490	60,945	60,653	60,366
University of Mississippi Medical Center	1,694	1,781	1,862	1,877

Source: Dept. of Research and Planning, Institutions of Higher Learning, State of Mississippi

1996/1997	1995/1996	1994/1995	1993/1994	1992/1993	1991/1992
40,511	40,559	39,545	38,523	37,077	36,954
120,952	118,376	117,407	117,362	119,904	121,500
113,212	114,646	116,375	118,755	121,097	122,108
122,732	123,903	125,306	123,797	121,260	118,497
90,311	89,375	88,419	88,936	88,962	88,322
16,249	16,743	16,249	16,001	15,929	14,196
503,967	503,602	503,301	503,374	504,229	501,577

1996/1997	1995/1996	1994/1995	1993/1994	1992/1993	1991/1992
1,457	1,576	1,410	1,332	818	1,216
2,984	2,941	2,790	2,597	2,542	2,618
2,358	4,404	1,800	1,647	2,112	1,568
3,426	2,896	1,876	1,331	1,493	1,388
10,745	10,290	10,668	10,065	10,508	10,078
2,968	2,492	2,549	2,465	2,173	2,074
4,302	3,957	4,122	3,989	3,934	3,954
5,128	5,073	4,828	4,772	4,937	4,435
3,213	2,963	2,868	3,059	3,047	2,805
3,576	3,343	3,931	3,515	3,723	3,622
10,203	10,550	12,393	13,852	10,266	10,203
4,044	3,879	3,915	3,634	3,817	3,587
5,276	4,653	4,889	4,566	4,319	3,919
3,049	2,840	3,038	3,109	3,083	3,101
1,900	1,792	1,549	1,638	1,536	1,561
64,629	63,649	62,626	61,571	58,308	56,129

1996/1997	1995/1996	1994/1995	1993/1994	1992/1993	1991/1992
3,073	2,989	2,756	2,671	2,872	3,204
4,015	3,288	3,199	3,298	3,205	3,454
6,218	5,479	5,273	5,477	5,506	5,946
14,859	12,185	11,680	11,894	12,232	12,192
3,277	2,055	2,060	1,945	1,959	1,942
2,199	2,145	2,177	2,299	2,217	2,051
10,993	9,449	9,253	9,516	9,948	10,207
14,117	11,689	10,516	10,429	10,742	11,254
58,751	49,279	46,914	47,529	48,681	50,250
1,806	2,450	2,045	2,377	2,272	2,311

Miscellaneous Statistics

June 30, 2001

Table XVIII

Date Entered Union Form of Government Miles of State Highway Land Area	December 10, 1817 Legislative - Executive - Judicial 10,665 47,233 Square Miles
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State Highway Patrol:

Number of Stations	9
Number of Sworn Officers	568

Higher Education (Universities and Community and Junior Colleges):

Number of Campuses in State	53
Number of Educators	8,258
Number of Students	129,808

Recreation:

Number of State Parks	28
Area of State Parks	23,714 Acres
Area of State Forests	133,118 Acres

State Employees:

Full-Time	31,859
Part-Time(Permanent)	811

Source: Mississippi Statistical Abstract
 Mississippi Department of Transportation
 Mississippi Department of Public Safety
 Board of Trustees of State Institutions of Higher Learning, State of Mississippi
 Mississippi State Board for Community and Junior Colleges
 Mississippi Department of Wildlife, Fisheries and Parks
 Mississippi Forestry Commission
 Mississippi State Personnel Board

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